DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

FOURTH SESSION—EIGHTEENTH PARLIAMENT

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3 GEORGE VI, 1939

VOLUME II, 1939

COMPRISING THE PERIOD FROM THE TWENTY-FIRST DAY OF FEBRUARY, 1939, TO THE TWENTY-NINTH DAY OF MARCH, 1939, INCLUSIVE

BEING

VOLUME CCXIX FOR THE PERIOD 1875-1939

INDEX ISSUED IN A SEPARATE VOLUME



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

CANADA

House of Commons Debates

OFFICIAL REPORT

Tuesday, February 21, 1939

The house met at three o'clock.

RADIO BROADCASTING

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. A. L. BEAUBIEN (Provencher) presented the first report of the special committee on radio broadcasting, and moved that the report be concurred in.

Motion agreed to.

PRIVILEGE—MR. MANION

REPORT IN GLOBE AND MAIL OF SPEECH OF LEADER OF THE OPPOSITION ON FRIDAY, FEBRUARY 17

On the order for motions:

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I rise to a question of privilege, something which I have rarely had to do in the number of years I have been in this house. On Friday last I spoke in this house on the trade treaty and in opening my remarks I made some reference to those who were continually lecturing us to get on with the business of the people. The Toronto *Globe and Mail* carried a report of that speech with a large heading which read, "Lecturing by Ballots Irks Manion," and further down they quote me as follows:

> Before he got well into his two-hour onslaught against the trade treaty the opposition leader declared his annoyance with the flood of ballots which has deluged parliament hill for the past week.

That statement is an absolute misrepresentation of the facts. I wish to state definitely and positively that I did not refer to those sending ballots, in any shape, manner or form. *Hansard* will bear me out in this. I was referring to certain editorials that had been written during the discussion on the Bren gun affair and to a few letters which some of us had received, the editorials and letters suggesting that we were not dealing with the business of the house. In view of the fact that I had not mentioned those who sent ballots, indeed did not have them in mind in any shape or form, on Sunday morning at eleven o'clock I sent the following telegram to the office of the *Globe and Mail:*

> Statement front page Saturday's *Globe and Mail* that I expressed resentment against sending here of ballots absolutely untrue. I did not mention or refer to ballots or their senders in my speech and they were not in my mind in the remotest manner in my remarks. Please make correction.

I checked up and I found that that telegram was telephoned to the *Globe and Mail* at 11.38 a.m. on Sunday, and was delivered at the office of the *Globe and Mail* at 3.30 p.m. on Sunday. I had hoped that the *Globe and Mail* would itself make the correction, but as it has not done so and as I have been advised that some of those who sent in ballots took this as an affront to them, I am therefore making this correction and trust that the *Globe and Mail* will carry it with the same prominence as it did the misinformation; for I have every respect for the sincerity of purpose of the senders of the ballots.

STANDING COMMITTEES

PUBLIC ACCOUNTS—CHANGE OF PERSONNEL

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

> That the name of Mr. Stirling be substituted for that of Mr. Casselman on the standing committee on public accounts.
>
> That the name of Mr. Brown be substituted for that of Mr. Graydon on the standing committee on public accounts.
>
> That the name of Mr. Green be substituted for that of Mr. Church on the standing committee on public accounts.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

RESIGNATION OF JAMES Y. MURDOCH FROM BOARD OF DIRECTORS

On the order for motions:

Hon. C. D. HOWE (Minister of Transport): At the last sitting of the house the hon. leader of the opposition (Mr. Manion) asked me a question with reference to the resignation

of Mr. Murdoch as a director of the Canadian National Railways. I replied briefly then. I am tabling all the correspondence exchanged between Mr. Murdoch and myself, and in doing so I might say that the difference between Mr. Murdoch and his fellow-directors had reference to the reappointment of Mr. Hungerford as president of the railway for a further term. Yesterday at a meeting of the remaining directors Mr. Hungerford was unanimously recommended for further appointment.

CIVIL SERVICE

SPECIAL COMMITTEE TO INQUIRE INTO TERMS AND OPERATION OF SUPERANNUATION ACT

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That a select special committee of the house consisting of Messrs. Anderson, Baker, Blanchette, Bradette, Davidson, Dunning, Francœur, Hansell, Heaps, Hill, Lockhart, McCann, McLean (Melfort), Mallette, Mutch, Pottier, Wood, be appointed to inquire into the terms and operation of the Civil Service Superannuation Act, and all matters pertaining thereto, with power to call for persons, papers and records, to examine witnesses under oath, to consider evidence taken at the last session of parliament before a select special committee of the house on the same subject matter, and to report from time to time, and that standing order 65 be suspended in relation thereto.

Motion agreed to.

SPECIAL COMMITTEE TO INQUIRE INTO OPERATION OF CIVIL SERVICE ACT

Hon. FERNAND RINFRET (Secretary of State) moved:

That a select special committee of the House be appointed to inquire into the operation of the Civil Service Act, and all matters pertaining thereto, with power to call for persons, papers and records, to examine witnesses under oath, and to report from time to time;

And that standing order 65 be suspended in relation thereto, and that the select special committee shall consist of twenty-five members and the following be appointed members of the said committee: Messrs. Barber, Boulanger, Clark (York-Sunbury), Cleaver, Deachman, Fournier (Hull), Glen, Golding, Hartigan, Hyndman, Jean, Lacroix (Quebec-Montmorency), Lennard, MacInnis, MacNeil, McNiven (Regina City), Marshall, Mulock, O'Neill, Poole, Pouliot, Spence, Tomlinson, Tucker, Wermenlinger.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, the civil service committee last year carried on its arduous work without the slightest trace of political partisanship. I see the hon. member for Dufferin-Simcoe (Mr. Rowe) laughing. He said once that that committee was like a circus. He could have been the circus and every other member of the committee could have been the manager.

The chairman of the civil service commission, speaking of the committee of last year, said:

This committee has gathered more information than ever before.

There are three branches of the civil service commission: The organization branch, the examination branch and the assignment branch.

With regard, first, to the organization branch, Mr. Putnam, the chief organizer, said once that it was composed of self-taught men.

I will now give the duties of each one of these branches, according to a chart which was tabled before the committee, and which was included in report No. 15:

Organization Branch

Functions: To investigate and report on the organization, personnel establishment and procedure of departments and the classification of all positions in the service, rates of compensation and allowances, and maintain the classification and official classification files. To investigate all proposals for more staff and to check as to need, requisitions for the filling of vacant positions.

Examination Branch

Functions: To examine applicants for entrance to and promotion in the public service; to select and list eligibles in order of merit; to maintain examination records.

Assignment Branch

Functions: To make assignments from eligible lists; to maintain eligible lists in order and up to date; to notify appointees and departments of temporary and permanent assignments and to issue certificates of appointment; to issue extension of temporary certificates as authorized.

That is the designated work of the three chief branches of the civil service commission. There is another branch, administrative and personnel services, with which I shall not deal at the present time.

A distinction should be made between the oral and the documentary evidence which appeared in the committee's report.

Mr. HEAPS: May I ask what has all this to do with the appointment of the committee?

Mr. POULIOT: Wait and see.

Mr. HEAPS: I will wait.

Mr. POULIOT: As I said, Mr. Speaker, a distinction should be made between the oral and the documentary evidence of the committee last year. The documentary evidence comprises the final report of the committee

and includes a very interesting statement given by Sir Francis Floud; a speech by Lord Stamp which was not included in the report but which the committee was authorized to print, regarding the civil service in British industry; the minutes of the civil service commission, and an index of those minutes; a report on civil servants sixty-five or over; a submission by the professional institute; some data of the treasury board, and data on the personnel of the civil service commission.

I must congratulate the government on having superannuated two people, one of them who was supreme in the civil service commission and without whose recommendation no report of the chief of the organization branch could be considered, no report from any examiner in charge could be considered, and no promotion could be awarded. Those powers were found exorbitant by the last committee.

President Roosevelt in a recent letter to Mr. Justice Reed of the Supreme Court of the United States, who is the head of a committee appointed by the president to study methods of improving government personnel and efficiency of the civil service—I am quoting from the *Times* of Sunday last—after explaining that he was sorry he was away at the time the committee opened its sittings, said:

> I should not have asked men with your responsibilities in other fields of government and business to undertake this study if I did not deem it of vital importance to the nation.
>
> The growing complexities of modern government require the development of a trained personnel of men and women of outstanding ability, resourcefulness and breadth of mind willing to devote their lives to the public service.
>
> Upon the development of such a personnel the future of our democracy may in no small measure depend.

That committee includes Attorney General Frank Murphy and Associate Justice Felix Frankfurter.

I do not wish to go further without mentioning that the government should be congratulated upon having superannuated and taken out of the service a man—a high-standing official,—who was guilty of dirty favouritism.

Now with regard to the documentary evidence already mentioned, if some hon. members object to the publication of the oral evidence they cannot object to the publication of the documentary evidence for the perusal of members of the committee and of members of the House of Commons. I wonder whether hon. members of this house realize what is the amount paid to dominion civil servants. According to a report published by the Bureau of Statistics in 1935, in 1931-32 the amount paid to dominion civil servants was $92,590,000. Of course it was a little less years afterwards. At that time the number of civil servants mentioned in that report was only 44,000. I have been in communication with a very able official of the Department of Finance, Mr. W. C. Ronson, who is assistant deputy minister, and who amongst the people who have foggy minds is one of the few who has a clear mind; he did exceptionally bright work, and I told him that I would commend him to his minister, but is it not much better to commend his work to the house? I obtained some very interesting information from him with regard to the number of civil servants. The total on April 1, 1937, was 57,426. Of them, 40,523 were Canadians, 13,474 from the British Isles, 512 from the British possessions, 451 from the United States, 1,068 from Europe, 95 from elsewhere, and 303 not stated. I wish to draw the attention of the house to the fact that in 1932 there were 44,000 civil servants, and now there are more than 57,000.

Mr. MacNEIL: What is the total payroll?

Mr. POULIOT: I may give it later. A few years ago it was $92,000,000, but it must be more now.

A very interesting editorial was published by Mr. Charles Lynch, then president of the parliamentary press gallery, in the *Civil Service Review* of September 30, 1938, expressing views which were shared by the officers of the civil service associations. The council of the professional institute met early in February, and according to the Ottawa *Citizen* of February 6, 1939, they said:

> Concerning the recommendation for rating of employees by a board of three department officers, doubt was expressed that ratings could be established by anyone other than individuals closely concerned with the work of the employee.

This was suggested to the Civil Service Associations when they appeared before the committee, and they agreed to that; and also Mr. Nelson, the chief examiner of the commission, agreed with it. In the *Legionary* of January, 1938, I read that Major Bowler, who represented the Canadian Legion before the committee, and was accompanied by Mr. J. C. G. Herwig, assistant general secretary of the dominion command,—

> —received an extremely courteous hearing from the chairman, Mr. J. F. Pouliot (Lib., Temiscouata), and the members of the committee, several of whom are themselves ex-service men and fully familiar with the problem.

During the recess I asked some questions of the chairman of the civil service commission. He has answered some of them, but

did not answer them all. I am told that he has forwarded to the government a memorandum to the effect that the civil service commission has already implemented most of the unanimous recommendations of the committee last year—which of course is untrue: the commission has made very little progress since the last sitting of the committee.

Here is a point of which hon. members should be informed. In spite of the arduous work of all members of the committee, without exception, some official of the professional institute used unparliamentary language in public about members of the House of Commons. I shall not read all that was said, but it appeared in the press; it appeared in the Ottawa *Journal* of November 29, 1938, as a front-page article, and it was also broadcast by the Canadian Press. The then president of the professional institute has sent a satisfactory apology and withdrawal of the language he used; so have other civil servants who belonged to the Department of Mines; another connected with the Department of Agriculture sent a withdrawal which was rather an apology and which may be considered in due course by the members of the committee if they think that is the thing to do; and another one has done nothing, because his minister was unwilling to act. The correspondence is confidential, but with the permission of the minister I will show it to hon. members concerned and they will do what they please with that.

We hear a lot about the merit system. Does the merit system really exist, or is it only a catchword? I have received from Mr. Bland, of the civil service commission, a list showing the number of the employees of the commission from 1908 until now. Here are some of the earlier figures:

Year	Number of employees
1908	5
1909	8
1910	10
1911	13
1912	20
1913	20
1914-15-16	17
1917-18	25

At that time the civil service commission was not such a huge body as it is now.

Before giving the figures for succeeding years, may I say this. It might be interesting to hon. members to know what happened in the house in 1918 when a real merit system, as some hon. members believe in it, was brought into force. One must consider that at the time of the Union government there were some Conservatives and Liberals who did not know at all by how many Liberal and how many Conservative votes they had been elected. Therefore, of course, they did not know whom to reward by giving them positions in the civil service. Those prominent amongst the advocates of the merit system were: Mr. Justice Maclean, of the exchequer court, who was a prominent Liberal of Nova Scotia; the Hon. Newton Wesley Rowell, a former Liberal leader of Ontario, and Mr. Fred Pardee, who died a senator and who was the chief whip of the Liberal party in power and in opposition from 1909 until he supported the Union government. In *Hansard* of April 12, 1918, page 697, I find that Mr. A. K. Maclean, then acting minister of finance, spoke as follows:

> This reform could only be possible under present political conditions. Had my right hon. friend (Sir Wilfrid Laurier) been returned to power, I have no doubt that he could not have inaugurated such a reform in the public service. Moreover, had the present Prime Minister been returned to power at the head of a Conservative government, it would have been impossible for him to institute such a reform as this.

Very interesting: the thing could not have been done by any party, but it could be done only by a unionist government. It was one of their accomplishments. To prove that it was one of their accomplishments may I quote the words of one of the most distinguished front benchers of the house, the right hon. Minister of Justice (Mr. Lapointe).

Mr. WOODSWORTH: I rise to a point of order. If I understand aright the motion, it is to appoint a committee. What is being said may be very interesting indeed from the political point of view, but I cannot see how it can bear on a motion to appoint a certain committee to consider civil service matters.

Mr. POULIOT: Speaking to the point of order, we have only to see that the motion is for the appointment of a committee of the house "to inquire into the operation of the Civil Service Act, and all matters pertaining thereto, with power to call for persons," et cetera. It is the operation of the Civil Service Act that is being inquired into, and the foundation of the Civil Service Act is the merit system. Therefore I am perfectly in order in continuing to relate what happened in the past.

Mr. WOODSWORTH: Mr. Speaker, I ask for your ruling. Do we need to have the history of the Civil Service Act from time immemorial brought before the house on this occasion? I fail to see it, and I ask for your ruling.

Mr. SPEAKER: I am of the opinion that the hon. member is in order in the remarks

he has been making. The motion is that a special committee of the house be appointed to inquire into the operation of the Civil Service Act, and all matters pertaining thereto, and I do not think that up to the present moment the hon. member has discussed any matters that are irrelevant to the motion. I would ask him, however, to confine what he has to say to such questions as are strictly within the scope of the motion.

Mr. POULIOT: I am not going to go as far back as the deluge, but as we are considering the operation of the Civil Service Act it is important to know what progress has been made during the past twenty years under the merit system.

I was about to quote from page 703 what the right hon. Minister of Justice, who was then a back-bencher, said:

Here we have an exemplification of the advantages of union government.

The so-called merit system was brought in by two kinds of individuals. There were the big manufacturers who wanted to make more money by showing their devotion to the empire, and also the Liberals who had supported the Union government, and the Conservatives as well, who were much embarrassed by patronage and had become in one day statesmen, not bothering about petty jobs. They did not want to reward anyone. They were thinking of great and important matters concerning the whole world.

We still have the same kind of statesmen even among back-benchers. They are not numerous; some are front-benchers, and others are back-benchers; but they are not vulgar politicians. They are statesmen, statesmen, statesmen, going higher and higher. The merit system was created to satisfy the greed of profiteers who wanted to promote their own business outside Canada: the sale of bacon manufactured by the friends of Sir Thomas White, who was then minister of finance; starch manufactured by the minister of railways and canals, J. D. Reid; tinware manufactured by Sir Albert Edward Kemp, minister of overseas military forces; paint manufactured by the minister of the naval service, Hon. C. C. Ballantyne; the products of the Cockshutt plant, and so on and so forth.

On April 12, 1918, at page 707, no less a gentleman than that great Haligonian, Mr. Fielding, said:

* * *

I think we are getting away from the purpose for which the civil service commission was created. It was never intended to be a patronage distributing body, but a body with distinct purposes, a body to hold examinations and to take means of guaranteeing the qualifications of applicants for the public service. That, I think, is a correct statement of its original purpose. But now the government seem to be obliged—I am not saying they could do otherwise—to make this commission a patronage distributing body. Now say to A, B and C, who are members of parliament, that they shall have no right to nominate anybody, but that D, E and F, who are called the civil service board, shall nominate and appoint the men, does not seem to me to be abolishing patronage; it is simply transferring it from a number of gentlemen who, whatever their faults may be, have some knowledge of local conditions, and turning it over to gentlemen who have no knowledge of local conditions. It seems to me that is the effect of it.

So spoke Mr. Fielding. There is something further that is interesting in the working of the civil service commission. In my humble view it is a hoax, it is a farce; they are passing the buck. No one is responsible. We ask the government, any government, who is responsible and we are told, the civil service commission; and if we ask the civil service commission the answer is, "We have no responsibility whatever; the responsibility is on the shoulders of the government." Therefore no one knows where he is at.

If hon. members will look into those most interesting publications called blue books they will see the names of prominent people who do not belong to the civil service commission and who have been thanked in every report of the commission since 1908 for their valuable services in sitting on examining boards. Mr. Justice Angers of the exchequer court is not a member of the civil service commission, and there are many others. I have not the last one, 1938, but I direct attention to page 29 of the report of the commission for 1937. They will see a formidable list of men who are supposed to be competent when the civil service commission is not. In the organization branch there are self-taught men. Perhaps there are a couple of sensible men there; the others are fools, and they direct the organization and classification of all departments, the classification of all civil servants. They are the big men of the civil service commission, the "number one" men; and then there are the examiners who, most of them, could not successfully teach in primary schools; and yet they pass upon questions put to applicants regarding astronomy, geology, engineering and every other science for which civil servants may be employed. Most ridiculous!

If the house has no objection, may I table some figures? They give a classification of those persons acting as advisory examiners on civil service boards, divided into civil servants from Ottawa on the one hand and

from outside on the other, and not civil servants, from Ottawa on the one hand and from outside on the other. Does the house agree to that?

Some hon. MEMBERS: No.

Mr. SPEAKER: The hon. member cannot file it without unanimous consent.

Mr. POULIOT: Then I will keep it in my pocket.

Some hon. MEMBERS: Read it.

Mr. MANION: Pass it around.

Mr. POULIOT: If the house agrees I will have it stencilled and send a copy to every member. I say, it is most ridiculous. The civil service commission looks to a mounted policeman, an R.C.M.P. constable either in British Columbia or in Nova Scotia, to decide whether a caretaker for a public building, a lighthouse, is competent; and if at times some other choice is made, it is the principal of a high school, who has to judge the competency of some man whom the civil service commission has never seen and who is appointed without any civil service commissioner ever having seen him.

There are some amusing things in connection with the civil service commission. After 1918 the number of employees on the staff of the civil service commission has increased year by year. These are the numbers from 1918-19 on—and remember, Griffenhagen and Arthur Young & Company were brought in to introduce American efficiency into the dominion public service:

1918-19	105
1919-20	204
1920-21	315
1921-22	200
1922-23	232
1923-24	224
1924-25	184
1925-26	188
1926-27	174
1927-28	182
1928-29	195
1929-30	244
1930-31	233
1931-32	170
1932-33	148
1933-34	136
1934-35	144
1935-36	169
1936-37	231
1937-38	228

These men and women are there; many of them are good stenographers, but they know nothing about the structure of any department; they know nothing about the qualifications of civil servants and those who try to get government jobs. They are there; they do not decide anything, but they take for granted that what is done is correct. Suppose there is a vacancy for a chemist; there are no chemists on the civil service commission, no one is able to say anything about the qualifications of the applicants. But they constitute a board and ask for the qualifications of the various applicants. These are sent to the civil service commission. There a minor clerk who knows nothing about chemistry eliminates some of the applications, and the others are left for the decision of the board. Very often the board do not see anyone, at any rate they do not see the applicants who have been eliminated by the minor clerk. They take it for granted, although they know nothing, that they have done fine work. Then they decide that A shall be appointed because he is the first on the list. It is taken for granted because that man is such a prominent man in the city of Ottawa, or such an eminent chemist in the city of Winnipeg, and so on.

Probably no one in this house has ever read the form of the oral examination report. Look at it. "Factors to be considered"—they are the same forms as were there twenty years ago. Nothing is changed; it is tradition, the holy tradition of Foran, the civil service commissioner. He is their guiding star and their inspiration. Observe this:

A

Make a careful observation of the candidate. Notice his personal appearance and his neatness in dress. How do his personality and manner impress you? If he had to deal with the public, do you think he would be tactful, courteous and firm—

Firm!

—or inclined to be abrupt or overbearing? Where would you rank him in comparison with a 100 per cent "ideal" candidate and a "barely satisfactory" 60 per cent candidate?

The margin is from 60 to 100 per cent. If you like him, 100 per cent. If you don't, he has no personality—60 per cent. All the most important officials of the civil service commission were asked, "What is personality?" and every one of them answered, "I don't know." But it is there, and if the examiner finds that the fellow is neatly attired, buys his clothes from Fashioncraft, has engaging manners, and is "firm," then he is 100 per cent. If the examining clerk does not like him, he is not.

But that is not all:

In the column headed "Rating" express your judgment by writing in ink the percentage at which you would rate him. If your rating is less than 60, place a check mark after the word —unsatisfactory.

Below 60, below zero! Then the next section:

B

Having checked over the career of the candidate with him briefly—

Was your father a respectable man? Was your mother a good mother? Have you many sisters—many brothers? Probably you have been a clerk in a general store; oh, yes; you have sold sugar; you have sold apples and flour and biscuits—biscuits are most important.

—what value would you attach to it as fitting him for this particular position?

Note: It is not necessary that his experience should have been exactly in the line required in the position—

It is not necessary. No training is necessary.

—but consider whether it has been of such nature as to indicate his probable success if appointed. Again express your opinion as in factor A.

Personality!

C

Consider the intelligence and mental alertness of the candidate.

Alertness!

How does he react to questioning? Is he quick to grasp the trend of your questions and able to express himself intelligently and readily? Again indicate your judgment as in factor A.

This is sissy talk. Then D:

D

Taking into consideration the actual work to be performed in the position in question, do you consider the candidate to be in possession of the requisite health, strength and other physical attributes required? Do not—

Those words in block letters.

Do not in this instance compare him with a 100 per cent physically fit man, but view him only from the point of view of the work to be performed. As far as his physical fitness is concerned can he carry on with reasonable efficiency? Indicate your judgment as in factor A.

Now, sir, for whom is personality required? It is required for inspectors of dairy products, hatchery assistants, dairy produce graders, poultry inspectors, junior swine graders, stock car inspectors, foremen spat and breeding, stock distribution, customs excise clerks, customs excise examiners, customs excise enforcement officers, immigration guards, customs truckmen—these need personality. Also immigration inspectors, fisheries inspectors, Indian agents—personality, of course! Park wardens, park caretakers, cleaners and helpers —they need personality. Head stewards, investigators of drawback claims—these all need personality. I have a long list, pages of it. Orthopaedic appliance makers, clerks grade 4—they need personality. It is incredible.

Sir, one of the recommendations that was made on behalf of youth, and it was only one, was the superannuation of men at sixty-five and women at sixty. It was in a report presented to the house last year. That report was agreed to by the members of the civil service commission; the members of the house were satisfied with it and of course it was the unanimous report of the committee on which all parties were represented. In the Montreal *Standard* of February 4 we find the following:

All-Canada civil service plan is now proposed.

That is the headline.

Junior business men in forty-nine cities and towns propose extension of civil service plan into provincial and municipal fields.

Poor youth! What an illusion! I have sent to Mr. Bonar, who occupies the post of chairman of the national committee on the civil service of the junior chamber of commerce of Canada, the whole report of last year to show him what is being done in the civil service commission.

In the old times civil servant appointees were young men who were open-minded, intelligent, had just an ordinary education but were willing to learn, and at that time the chiefs were ready to teach. Therefore young men entering the civil service progressed naturally until they became expert in their branch. But now it is entirely different. With the over-teaching that is done by all universities from coast to coast we do not have any more young men who are open-minded and willing to learn; we have a lot of young B.A's, M.A's, Ph.D's, who are unwilling to learn but always ready to teach, and the chiefs are unwilling to teach but become indispensables, staying in the service after sixty-five years to get a little more than their superannuation. Therefore there is now no cooperation between the young people who get into the civil service and most of those who are over them. Of course there are complaints of favouritism; several complaints were made by all the civil service organizations, but when we asked them to point their finger to the sore spots, everyone refused—they did not want to compromise themselves. Therefore the only part of the oral evidence which is worth anything is that which comes from the files themselves. In the office of the clerk of the committee we had five hundred files which were perused by the members of the committee and which showed how extraordinarily the applicants were dealt with by the civil service commission.

I wonder whether many hon. members have read a small book called A Message to Garcia. It is by Elbert Hubbard, and I take the liberty of quoting a few lines:

> And a man who, when given a letter for Garcia, quietly takes the missive, without asking any idiotic questions, and with no lurking intention of chucking it into the nearest sewer, or doing aught else but deliver it, never gets "laid off," nor has to go on strike for higher wages. Civilization is one long, anxious search for just such individuals. Anything such a man asks shall be granted. He is wanted in every city, town and village—in every office, shop, store and factory. The world cries out for such; he is needed and needed badly—the man who can "carry a message to Garcia."

I wish to apply those words to the hon. members who sat with me on the committee last year. I appreciated their work, which at times was both painful and arduous. We knew nothing about the operation of the Civil Service Act; we received a message from the house, and it was our duty to discover whether the operation of that act was a joke on the house and the country or whether a good purpose was being served.

Now, sir, may I say that I do not know at all what I will do this session. I have informed the government that I want the report of last year, which was unanimous on the part of members representing all parties, submitted to the house. We worked very hard, at times seven days a week, in order to reach conclusions which we thought would be in the best interests of the service and the best interests of the country. That has been done, and I hope the matter will be very seriously considered in the light of the public welfare.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): A few months ago, Mr. Speaker, I objected to a discussion of this kind being carried on when we were supposed to be considering a more or less formal resolution with regard to the selection of a special committee. However, since the discussion has gone on I should like to say that it does seem to me highly improper that in connection with this resolution the hon. member who has just taken his seat (Mr. Pouliot) should have attacked civil servants who have no chance to defend themselves.

Mr. POULIOT: Let them run in my constituency.

Mr. WOODSWORTH: Quite so. The hon. member has been making a violent attack upon civil servants, calling them all sorts of names without, of course, those civil servants having any chance whatever to defend themselves in this place. But that is not the worst of it; he has made an attack on the whole merit system.

Some hon. MEMBERS: No, no.

Mr. WOODSWORTH: Yes; he stated that the merit system had been promoted to satisfy the greed of certain persons.

Mr. McLEAN (Melfort): The civil service commission—

Mr. WOODSWORTH: That is what we are discussing just now.

Mr. McLEAN (Melfort): —not the merit system.

Mr. WOODSWORTH: I would say the whole question involved was the merit system, which is the basis of the work of the civil service commission. The hon. member said it was a joke. I took this down, and I think I am quoting him correctly; he said the merit system had been promoted to satisfy the greed of certain persons.

Mr. POULIOT: The so-called merit system, which is very different.

Mr. WOODSWORTH: He was referring to the system under which we are operating at the present time. He said the commission was essentially a patronage distributing body, and even at this late day in our political development he pleaded that patronage should be kept in the hands of those who have knowledge of local conditions, which in effect means that patronage should be almost entirely under the control of the local politicians.

Mr. POULIOT: Mr. Fielding said that.

Mr. WOODSWORTH: It may have been said by Mr. Fielding but I fancy the hon. member who spoke is quite in sympathy with Mr. Fielding in this regard.

Mr. POULIOT: Surely.

Mr. WOODSWORTH: Well, whatever may have been true in the earlier days of our history I submit that to-day the people of Canada as a body are heartily sick of the patronage system even to the extent to which it now exists. We are never going to get very much further in the way of cleaner politics as long as the patronage system exists.

Mr. MULOCK: Under the civil service commission.

Mr. WOODSWORTH: As long as it exists, I say.

An hon. MEMBER: Under the civil service commission.

Mr. WOODSWORTH: I will not say we have no measure of patronage under the civil service commission, but at least the setting up of that commission is an attempt to get away from party patronage. It would seem to me that the hon. member who just spoke is anxious to return to the old idea of party patronage. Why, only to-day I heard the possible appointment to a rather important post being discussed. I do not mind mentioning what it was—the appointment of a parliamentary librarian. What was the trend of the discussion? It was that we had always appointed a librarian who was a good party heeler, that the position was considered to be a reward for party services.

Mr. HOWARD: And have they not been very good appointments?

Mr. WOODSWORTH: I will not say that.

Mr. ROGERS: What does the hon. member mean by "party heeler"? Would he apply that term to the late Hon. Martin Burrell?

Mr. WOODSWORTH: One who has given good party service. That was the trend of the discussion to which I listened to-day.

An hon. MEMBER: Where did you hear that discussion?

Mr. WOODSWORTH: Never mind; let me finish my statement. I say that undoubtedly in this country the general feeling is that appointments, especially to certain classes of positions, are made because of party services. I would take that very library position as an illustration, if you like. Most of us liked the late Martin Burrell very much. We thought he was a fine man. He was a literary man, but I would venture to say that Mr. Burrell had no special training as a librarian. He was a splendid literary critic, and possibly it may be a good thing that we should occasionally give some sort of emolument to literary people in this country in order to encourage them to continue writing. I have no particular objection to that, but I have some objection to anyone being appointed to the position of librarian who is not a qualified librarian. That is my position. It is a technical post to which should be appointed a man with the highest technical qualifications.

Mr. POULIOT: I rise to a point of order. Mr. Burrell was a privy councillor; he is now dead, but he was a most able man.

Mr. HOWARD: May I ask a question? Just because—

Mr. SPEAKER: Order. If the hon. member who has the floor does not give consent, he should not be interrupted.

Mr. WOODSWORTH: Mr. Burrell's name was mentioned from across the floor. I was dealing with a general principle and as an illustration said that only an hour or so ago I heard that matter under discussion. It illustrates my point, namely, that to-day a great many appointments are made primarily in order that certain people who have given party service may be rewarded. That is my submission. I could give very many other illustrations; it just happened that this was the matter under discussion at the moment. My point is—and I think that I rightly interpret the feeling of the majority—that the people of Canada are sick of this kind of thing.

Mr. TOMLINSON: Did you ever ask for anything?

Mr. WOODSWORTH: No.

Mr. TOMLINSON: Yourself?

Mr. WOODSWORTH: No.

Mr. TOMLINSON: Your party?

Mr. WOODSWORTH: No.

Mr. TOMLINSON: Any of your party?

Mr. WOODSWORTH: Not that I know of.

Mr. POULIOT: The hon. gentleman is as firm as the civil service forms require.

Mr. WOODSWORTH: I do not claim any particular credit for that, simply because we are not in a position where we can expect to get favours.

An hon. MEMBER: That is the simple reason.

Mr. WOODSWORTH: It may be the simple reason, but I am speaking about a principle. I care not whether the Cooperative Commonwealth Federation, the Conservatives, the Liberals or any other party may be involved; the principle is that in this country we should have a system by which appointments should be made on merit after competitive examinations. That is the policy which I think ought to be maintained. We are constantly in danger of encroachment upon even the degree of non-partisan appointment that has so far been attained; for everyone knows that again and again in connection with certain appointments we have the phrase, "notwithstanding anything to the contrary in the Civil Service Act." This matter is brought to our attention

constantly, and I am really surprised that my good friend from Témiscouata (Mr. Pouliot) should have the courage, at this stage in the development of our political institutions, actually to plead or demand that we should go back to an earlier state of affairs from which we thought we were at least beginning to try to escape. I regret exceedingly the speech of the hon. member for Témiscouata and I desire to dissociate myself entirely from the sentiments that have been expressed.

There is one other matter to which I should like to refer. I submit that in so prejudging the work of the committee the hon. member has definitely disqualified himself from acting on the committee to which he is to be appointed for the present session. It is not so long since the Prime Minister (Mr. Mackenzie King) quoted from Beauchesne's parliamentary rules and forms, as follows:

> It shall always be understood that no member who declares or decides against the principle of a bill, resolution, or matter to be committed, can be nominated of such committee.

The Prime Minister went on to say:

> Each hon. member of the committee will be expected, on his honour, to investigate fully the matter which has been referred to the committee of which he is a member. He will be expected, as one who is privileged to sit on the committee, to form his judgment with respect to what should be reported to the house.

And again:

> —no hon. member who had expressed views in this house which prejudged the situation would be entitled to sit on that committee.

That seems to me fairly clear. This motion is distinctly with regard to a certain special committee. We have the chairman of last year, who according to frequent custom would naturally be the chairman this year, prejudging the case. I would say that he has absolutely disqualified himself from serving on that committee.

Mr. POULIOT: I have refused to act as chairman.

Mr. WOODSWORTH: From sitting on the committee, I said.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, as a back-bencher who served on the committee last year, I cannot let this occasion pass without saying a word or two. May I remind the house that a very searching inquiry was made into the operations of the Civil Service Act by the committee under the chairmanship of the hon. member for Temiscouata (Mr. Pouliot). As the hon. member has indicated, a report which was unanimously assented to by all members of the committee was tabled in this house last session. It was our expectation that there would be a motion for concurrence in the report and that on such motion there would be a debate with regard to the principles involved. It is a matter of personal regret to me that the hon. member should seize this occasion to anticipate the decision of the house with regard to the report and draw his own conclusions with reference to the evidence heard before the committee. May I make this point, and make it most emphatically: The conclusions which he has presented to the house this afternoon are not incorporated in the report of the committee as unanimously assented to by all the members of the committee.

Mr. POULIOT: If my hon. friend will permit me? The report of last year is not before the house. I am simply expressing my personal views on the motion of the minister, which is entirely different.

Mr. MacNEIL: The report was agreed to by the hon. gentleman as chairman of the committee and it appears on the records of the house, although it is not formally before us at this session. I draw the inference from the motion of the Secretary of State (Mr. Rinfret) that it is the intention to proceed with the inquiry where we left off last session.

I have just this point to make, and other members of the committee can express their own personal opinions. Since the matter has been opened up this afternoon I submit that the weight of evidence indicated that during the past few years the staff of the civil service commission had been making a very honest and efficient endeavour on the whole to carry out the merit system of appointments in the civil service. That was the impression I gained personally as a result of listening day by day to the evidence presented before the committee. No charges of inefficiency or irregularity were made, and certainly there was nothing in the evidence to indicate that there was any less efficiency in that department than in any other department of the government. After hearing the members of the staff of the civil service commission, it was the general impression of members of the committee that after all they were efficient, that they had integrity of purpose with regard to the work entrusted to them, and that they were doing a first-class job.

May I make this point? The chief handicap imposed on the commission has been imposed by hon. members of this house who are determined to force political patronage upon the civil service. One of the most

astounding revelations made before that committee was that which showed the growth of political patronage in connection with appointments to the civil service under the present administration. We were presented with long lists containing thousands of positions which had been exempted from the provisions of the Civil Service Act, first by statute, again by the estimates, and again by orders in council. This has had a demoralizing result within the civil service, since we have attempted to merge two systems, a merit system under the civil service commission, and a political patronage system, with all the conflict and confusion thus involved.

Those of us who sit in opposition have knowledge of the method by which appointments are made by defeated Liberal candidates. We know of the antagonistic public opinion that has been aroused by reason of the interference of political patronage with regard to appointments to the civil service. The civil service commission has made an honest attempt to establish the principle that appointments to the civil service of Canada should be available to every citizen of the dominion, and that appointments should be secured by open competitive examination. There is no proper system of qualification, there is no suggestion of competition, when appointments are secretly made on the recommendation of a sitting member, a defeated candidate or a political committee. We have a sad state of affairs in the civil service, but that sad state of affairs is due to the determination to foster political patronage. I should like to refer again to the evidence given by Sir Francis Floud, then high commissioner for the United Kingdom. He spoke very eloquently and very convincingly of the British tradition of appointments now maintained in the United Kingdom. I think that when we heard his evidence many of us desired that the day should come soon in Canada when we would have a similar tradition in the Canadian civil service and get away entirely from all the miserable intrigue that is associated with political patronage.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I did not wish to interrupt my hon. friend when he was speaking, but there is just one statement I should like to make in order to make clear a certain situation. He referred to orders in council which had been passed taking a number of employees out from under the jurisdiction of the civil service commission, and the impression that might be left with the house would be that the government itself had initiated that procedure or that particular course of action. I think I am right in saying that wherever that was done, and it has been done in some cases, it was at the instance of the civil service commission itself. The commission reported to the government that in its opinion there were certain classes of appointment in connection with which it would be much better for the government to accept responsibility rather than the civil service commission, and action was taken accordingly. I am certain I am right in that.

Hon. J. E. LAWSON (York South): Mr. Speaker, before the Secretary of State (Mr. Rinfret) speaks I feel I should make a comment or two with respect to the subject matter under discussion, in view of my past experience in connection with the civil service. I was originally a member of the committee which sat last year, but I had myself replaced because of the fact that other committees of which I was a member were meeting at the same time as the civil service committee. So I was not a party to the report made last year.

In 1932 I had the honour to be chairman of a small special committee of this house which conducted a somewhat extensive investigation into the administration of the Civil Service Act. I will be frank to confess that when I first entered upon that inquiry, representing as I do a constituency some 275 miles from Ottawa, I had the general impression which seemed to prevail in that part of the country from which I came that a civil service job was something of a sinecure, and that the best-off people in this country were the civil servants. From my experience in that exhaustive inquiry and from experiences I have had before and since in departments of government, I would be unfair and unjust did I not say that, taken by and large and all round, I think we have in the civil service of Canada a group of men of whom we can well be proud. I will admit quite frankly that I have gone into offices in some departments of the government service here and seen practices prevailing which would not be permitted or tolerated in private enterprise, but such cases are very few and far between. I am always—I was going to say amazed, but I will put it in this way—I am always surprised at the ability and the energy displayed by a great many of our civil servants in the course of their duties, having regard to the comparatively small remuneration which many of them receive.

Having said that much, I concede that there are many absurdities in the so-called merit system. As pointed out by the hon. member for Temiscouata (Mr. Pouliot) I did when I was chairman of the civil service committee, realize the absurdity of attempting to select floor sweepers and window cleaners and truck men on any so-called merit system and competitive examination basis. I want to be frank and say that much of the report which I as chairman moved in the house in 1932 did not contain my views in their entirety with respect to the civil service. In order to obtain unanimity in the committee there had to be a considerable amount of give and take, and in the long run my job as chairman was to present not my own views but those of the majority of the committee.

So far as the civil service commission itself is concerned, I am confident that they are making a real effort to carry out the job which this parliament has assigned to them. But when you assign to them the job of selecting people for minor positions involving manual labour, I think it is a huge joke to fill these positions on a competitive merit basis.

I do not know, Mr. Speaker, whether my hon. friend from Temiscouata intended to convey in his remarks his opposition to non-partisan appointments for civil service positions in general. If he did I must say that I do not subscribe to that policy. It is a great blessing that we have not in force in the Dominion of Canada a patronage system without any qualification attachments thereto, and I for one shall not advocate such a system. But I am free to say that many improvements might be made in the system which now prevails, particularly in two respects: (1) Eliminate from the so-called merit system minor positions where physical effort and physical labour are required; and (2) change the whole basis of examination for many of the minor positions in the civil service in respect of which examination now prevails.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I have I think been on every special civil service committee that has been appointed by the House of Commons since 1930. I sat on the committee last year, and I am rather sorry to hear the hon. member for Témiscouata (Mr. Pouliot) say many of the things he did this afternoon. It was reminiscent of some of the committee's meetings last year. I think he will agree with me that after the committee had had a number of sittings and said a number of things, some of which I think should not have been said, we got down to business and I believe did some very good work.

I was also sorry to hear the hon. member for Témiscouata make certain references to employees under the civil service commission. I do not think the evidence given by these persons when they appeared before the committee last year bears out the statements that he made in regard to them to-day. If there was anything that stood out in the committee last year it was that these employees demonstrated to the committee that they were fully qualified to deal with the matters with which they were called upon to deal.

I do hope that when this year's committee is organized and gets down to work we shall give our attention wholly and solely to matters with which it is necessary to deal in order to have the civil service function in the best possible way. I have too much respect for the business instincts and business ability of most members of the cabinet to think for one moment that they are not in favour of the merit system, and of appointments to the civil service being made on the basis of ability and merit. The patronage system would make their work even more difficult than it is to-day, and we must all admit that it is difficult enough as it is.

The hon. member for York South (Mr. Lawson) referred to the great blessing of not having an absolutely unqualified patronage system. Now if it is a blessing to have a merit system, even if it is not a complete one, if we have a good system through having eliminated a great deal of patronage, surely we could have a better system if we eliminated all patronage. That is a matter which the committee can go into this year. Before I sit down I must again say that I deeply regret that the hon. member for Témiscouata made the references he did in his remarks to-day to certain members of the civil service.

Mr. C. B. HOWARD (Sherbrooke): Mr. Speaker, I do not want to detain the house on this question at the present time. I am entirely in favour of setting up a special committee on the civil service this year, as there are certain defects in the present system which I think it is important to remedy and in respect to which I hope the committee now to be appointed will recommend appropriate action.

On the question of patronage I would say to the hon. member for Winnipeg North Centre (Mr. Woodsworth) that I cannot see that it would be worse to place the patronage in the hands of the elected representatives of

the people of Canada than to leave it in the hands of an irresponsible body, one which is not responsible to the electors in a democracy. I am entirely in favour of the merit system and of the educational test. I think nobody questions that, but I do say to those who approve that system one hundred per cent that at a time when we are appealing to our manufacturers and industrialists not to let men out because they are over age, thereby throwing them on the country for support, we have no right to limit the age for appointment to the civil service and say that because a man is over thirty-two he shall have no opportunity to get this or that particular position, especially when it is a junior position. When this matter is brought up I can submit two cases.

Let me say further that during my fourteen years as representative of the city of Sherbrooke I have been but twice to the civil service commission: once, when I first arrived here, to be introduced to the personnel, which has since changed; and once when I went down on an appeal in such a case as that to which I have just referred. In the administration of justice in this country we have courts of appeal, the Supreme Court of Canada and the privy council; but we have set up a civil service commission beyond which there is no appeal. In this respect, and it goes to the fundamental aspects of the matter, the principle is entirely wrong. I will give an example. Not very long ago an examination was set by the civil service commission in English, and quite properly so; then the English paper was handed over to departmental officers to be translated into French so that French-Canadian students could answer the questions in their own language. In the translation they used in one question three words which changed entirely the sense of the question, so that French-speaking candidates did not have the same chance as the English-speaking ones. I have been to the civil service commission three times, and they refuse to rectify the mistake, which they admit, saying "We will just take that question out"—but they refuse to hold a new examination.

I am entirely in favour of a civil service commission, but I think it has been going too far. I hope that the committee to be set up this year will see to it that there is a court of appeal from the commission, responsible to the parliament of Canada, where grievances such as I have just mentioned can be redressed.

Another thing: Let us not forget that, while the maximum age of appointees has been limited to thirty-five years, and an educational test has been provided, there is another factor which to my mind is more important than any other, and it is the suitability of the candidate for the position he is to occupy. In the constituency I represent, which is eighty per cent French-Canadian and Catholic, I defy anybody, no matter what part of the country he comes from, to show that there is any one as well qualified to tell which man is best suited to a job as the elected member of the constituency of Sherbrooke, who at this time happens to be myself.

Mr. COLDWELL: What about the defeated candidate, if there was one?

Mr. SPEAKER: Order.

Mr. HOWARD: Well, he is not responsible. From 1930 to 1935, when the Tories were in power, I was still the elected member for Sherbrooke. Let me tell the hon. member who just interrupted that during that time I was perfectly satisfied that the defeated Conservative candidate, who happened to be a supporter of the then government, should make the appointments, and during those five years you will not find one single word of criticism from me of his having done so. But I do say this, that when it comes to the aptness of the candidate to suit the mentality of the people he is going to serve, whether you have a civil service commission or not, whether the choice is made by the elected member, Conservative, Cooperative Commonwealth Federation, Independent, Labour or Liberal, where is there as good a judge of the suitability of the candidate as is the representative of the people?

Several other points occur to me, but I am not now going to take time to discuss them. I hope that when this subject goes to the committee it will be considered from a non-political point of view, a businessman's point of view, and that we shall set up or increase the machinery in such a way as to render to the people of this country a service which will be more in line with real democracy.

Mr. WILLIAM HAYHURST (Vegreville): Mr. Speaker, I was not a member of the civil service committee, but as a new member of this house, after listening to the arguments which have been set forth, it seems to me that there are some factors which we must develop in the merit system administered by the civil service commission. The last speaker remarked that appointments should be non-political. Possibly most hon. members are in favour of non-partisan appointments, but they feel also that they can be

made in a business manner, after appraising the educational and tactual equipment of the candidates.

Speaking educationally, it is generally understood that there are two general types of people: those who respond to mental tests —the intelligence quotient, if you like—the sum of the qualities making for the mental personality; and those whose physical personality is the primary essential. The latter is adjusted more to responses due to ability to learn to do things in a physical way—for instance, to learn to ride a bicycle and make a good errand boy; whereas by intelligence tests you select and determine the mental efficiency of an applicant. Consequently we must consider the question from the standpoint of psychology.

Let me say as a new member that I have found the most efficient and courteous services rendered to us by every civil servant whom we have approached in the House of Commons and the houses of parliament generally.

Mr. BLACKMORE: Hear, hear.

Mr. HAYHURST: So we feel that some good has been accomplished through the merit system. At the same time we believe that in regard to the appointment of persons whose work requires tactual skill, the selection is best made by a committee which will test the tactual ability as well as give consideration to his personality from the point of view of the mental qualities required in the particular position.

Certainly we should not overthrow the merit system. The civil service requires an entirely different personality from political life: I believe that a politician would be about the last person who could successfully pick out candidates to fill certain civil service posts. I wish to place myself on record as being fundamentally in favour of the merit system, with probably some additional consideration given to the type of person required for jobs other than those in which mental capacity is most important.

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, the hon. member for Témiscouata (Mr. Pouliot) with his usual alertness, has placed the rest of us at a great disadvantage, because he came down to the chamber to-day prepared to make a detailed and comprehensive speech, whereas all the rest of us are taken by surprise. In fact, as he was speaking on personality, I could not help feeling that he would be certain to get one hundred per cent of the marks for that quality, no matter who might be the examiner.

[Mr. Hayhurst.]

It was my privilege last year to serve on the special committee to consider the civil service of Canada. We went into the matter very thoroughly. I believe we held over fifty meetings. Some of them were exciting. Certainly they were all interesting. The members who served on the committee learned a good deal about the civil service. But the committee meetings lasted so long that a report was not brought in until a day or two before the house closed and there was no opportunity to consider the report. It was our understanding, however, that the government at this session would afford an opportunity very early in the proceedings of the house to discuss the report. I suggest most earnestly to the Prime Minister (Mr. Mackenzie King) that he provide an opportunity for the discussion of last year's report before going on to set up a new committee. If the former report were considered many points would be cleared up and the work of this year's committee would be greatly simplified. No doubt, the Prime Minister will see what advantages would follow from such a course, merely from the discussion that has taken place here to-day.

My impression was quite different from that of the hon. member for Temiscouata with regard to the findings of last year's committee. There were many things on which we did not agree, but I think that the civil service commission came out of a most searching investigation with flying colours. We were unable to consider the examination branch, and yet to-day the member for Temiscouata has attacked the work of that branch without the committee having considered it in detail last year. I think he will agree with me that this is correct. It is most unfortunate, and I am afraid that such an attack hurts our civil service. I do suggest to the members of the house that the merit system, instead of being inefficient, instead of having broken down, was shown by last year's investigation to be so good that it should be extended. For example, it should be extended to the employees of the national harbours board. It should be extended to the small post offices which were taken out some years ago.

I do not agree with the hon. member for York South (Mr. Lawson) that the positions of cleaners and helpers should be removed from the operation of the act. We debated that point in the committee last year. We fought over it for a long time and in the end the majority opinion was that the positions of cleaners and helpers should be kept under the act where they are at the present time.

Let me make this suggestion in conclusion. Democratic governments are on trial to-day as never before, and democratic government cannot function without a first-class civil service. After all, members of the house and of the senate are only one part of the democratic system. The civil service is a very important part of the system, and we cannot have good government without a first-class civil service. I believe that in Canada to-day we have a first class service, and I hope that this parliament will do everything in its power to give that civil service a chance to go ahead and do its job.

Mr. W. R. TOMLINSON (Bruce): I did not intend to speak on this question this afternoon, but after listening to some of the remarks that have been made, especially by the hon. member for Winnipeg North Centre (Mr. Woodsworth), who describes the committee as more or less a joke, I must say that the members of that committee who sat last year for a period of four months, two hours a day and sometimes four, were not sitting there for the good of their health. I remember quite well going into that committee as a new member of the house, as one who had discussed the whole civil service question with Mr. Parker of the commission in Great Britain, and who had some idea of the civil service in Great Britain, and I had a very high opinion of the civil service commission in Canada. I still have a very high regard for the merit system in Canada. I do not desire anyone in this house or anyone in the country to feel that I have in my mind no other idea than to go back to the old patronage system.

May I here refer to what Sir Robert Borden did in 1918. I did not know him personally but I had read about him and I honoured him. When he came back from Great Britain he immediately placed under the civil service commission all the positions in Canada, but he had no sooner done so than he realized his mistake. He saw that there were certain small positions in regard to which merit did not enter, and we have since seen certain exemptions made. For instance there are positions of $200 and under which are not under the commission, and there are revenue post offices of $3,000 and less which are not under the commission. Why are they not under the commission? Because the people are becoming tax conscious; that is why. We set up a civil service commission to make appointments on merit, that is, with regard to positions that require merit. But when you tell me—and I spoke on this question in my maiden speech in this house—that I cannot appoint somebody to a little lighthouse, a lighthouse keeper who lights the lamp in the evening, turns it out in the morning and cleans it, when you tell me that I am not capable of making such an appointment and that we must have someone from Ottawa, from the civil service commission, travel up there, or have a high school principal in Port Elgin or Kincardine make the appointment, then I say we are simply wasting the money of the people of this country for the reason that members of this house will not take their own responsibility. The people of Canada are to-day conscious of that fact.

During the sittings of the committee I was perhaps the one who brought forward the question of taking out the small positions from the civil service commission. I questioned the chairman of the commission, a man for whom I have a great deal of respect, because he gave his evidence in a straightforward manner. He is a man who knows what he is talking about, and he informed me that the small positions in the civil service caused more trouble than anything else that they had to deal with. I believe that. He said, "We would be glad to get rid of them." That is correct. When the matter came before the committee, as mentioned by the hon. member for Vancouver South (Mr. Green), the majority of the committee decided that all the positions should be under the civil service. That is ridiculous, but I had to abide by that decision and naturally the report came in with that recommendation.

I did not come down prepared to speak on this subject. However, I do not like the insinuations from the third party in this house in connection with patronage. Nobody in my riding can accuse me of patronage.

Some hon. MEMBERS: Oh, oh.

Mr. TOMLINSON: Let them prove it. Not one of them can. I do not like that insinuation from parties who have never had the responsibility of government. They have never had that responsibility. But they desire to spread throughout this dominion the idea that they never ask for a favour. Let them stand in their place and tell me they have not asked a favour on behalf of their constituents; I would tell them that if they do not look after their constituents they are not representing their ridings as they should.

Miss MACPHAIL: I should like to ask the hon. member a question. What does he mean when he says that hon. members do not carry the responsibility of their constituencies, do not look after their constituencies?

Mr. TOMLINSON: I did not say that. I said if they stand in their place and say they never asked a favour on behalf of their constituents—

Mr. COLDWELL: A right.

Mr. TOMLINSON: —a right, whatever you wish to call it, they are not looking after their constituents. Correct? I say that.

Miss MACPHAIL: What would be the use of asking a favour when the defeated candidate in each constituency has complete control over even the smallest appointment?

Mr. TOMLINSON: I do not know about the hon. member for Grey-Bruce—

Mr. TAYLOR (Nanaimo): If we are called upon to rise in our places I rise in mine and say that I have never asked any patronage favours for my constituents.

Mr. TOMLINSON: The hon. member can speak after I have finished. I am not in favour of this patronage system without proper qualifications. I try in every instance, and I think every hon. member does, to present a man who is fit, and work for that particular man. And I believe the civil service commission as it is now constituted renders a useful service. It has control of salaries, it has the recommendations for reclassification, one may say; and I think it renders a great service. As I have indicated, I sat on this committee last year, and I admit I brought in no recommendation or minority report as to the qualifications of the commissioners. But I did notice that in 1932—I see the hon. member is not present now—and in 1934 the committee recommended the removal of all the civil service commissioners. In our report did we recommend the removal of the civil service commissioners? No. Everyone knew there was one commissioner that I would remove if I had the opportunity; I refer to Mr. Potvin, and I stood in the committee and said so. I say that he is not capable of acting on the commission because of his own admissions in that committee. He admitted that when he was appointed he had no special qualifications. He admitted that he went to Montreal and charged $125 for taxi fares. He was appointed in the spring of 1935 by the former government, and was supposed to represent the French-Canadians. His residence of course is Manitoba. This civil service commission should include a properly qualified person from the province of Quebec; it would save a great deal of the difficulty we are now having. The province of Quebec, the French-Canadian citizens of this country, are entitled to proper representation, but they are not receiving it. A man who would place a note on the files before they came over here, to the effect that "this young man cannot be appointed because he belongs to a drama league"—that was his reason for not agreeing to the appointment—how ridiculous it is that a man like that should be on the civil service commission! He should be removed immediately and a proper appointment made from Quebec in whom the French-Canadians would have faith. I say these things because they appear to me to be very important.

The chairman of the committee of last year did not agree with everything I said, and of course I did not agree with everything he said, but it was the first committee of the house on this subject, regardless of 1932 or 1934, that actually conducted its investigation without an eye to political expediency. I say that without fear of contradiction. There was no question in our investigations last year of pulling out files to try to affect the Conservative party. But we did try to ascertain what was the difficulty with the merit system as it now stands, and I was surprised when a certain witness—I may as well mention his name; it was Mr. Phelan, the head of one of the civil service federations,—admitted that he could not answer our questions properly because of certain effects that might follow. Is that the way the heads of these federations should present their case to a committee that is trying to investigate? They should be prepared to tell the truth, the whole truth and nothing but the truth, without fear. That is why we are there; we are not sitting there for fun—at least I am not.

I shall be pleased to act on this committee and to carry forward the work of last year. And I want it to be known that it is not for patronage that I am sitting on the committee. It is a nuisance, but it will be done in the service of the country.

Mr. LAWSON: On a question of privilege, Mr. Speaker, the rules of the house do not permit me to accept the challenge issued by my hon. friend, but I shall be pleased to do so at the first opportunity. I would however call attention to a direct misstatement made by the hon. member. He stated that the committee of 1932 recommended the removal of all the commissioners. That is not so. We recommended the removal of two for cause, and that recommendation had the unanimous approval of the committee, including the two Liberal members of this house who were members of it.

Mr. T. J. O'NEILL (Kamloops): I am pleased that it is the intention of the government again to set up this committee on civil service matters. In view of the fact that we have so many people in the civil service it is an excellent idea that this committee should be continued. In fact I think it should be a permanent fixture, just as the railway committee and the public accounts committee or the banking and commerce committee are permanent.

A great deal has been said to-day with reference to the present system. Some hon. members have stated that the hon. member for Témiscouata (Mr. Pouliot) is apparently trying to destroy the merit system. I do not see how the system as we have it to-day can be properly termed a merit system, or how it could ever function as a merit system when those at the top of the ladder, the commissioners, are appointed by the government which is in power at the time the position becomes vacant. Can the leopard change his spots? You cannot change a man simply by putting him in a government position; he remains just what he was before. I would be the same, and so would even hon. members who claim to the contrary—they would still be of the same mind with regard to politics. If we are to have a merit system, it must start at the top. Those who are at the head of the civil service commission should get there through merit, by promotion from the ranks.

Mr. LAWSON: The chairman of the commission reached that position through promotion.

Mr. O'NEILL: I quite agree, as far as the chairman is concerned.

Reference was made to the age limit. We know that in the civil service to-day there are many men far beyond the age limit, and I see no reason why such men, who have enjoyed large salaries for a number of years, should retain those positions after reaching the age of sixty-five when we have so many young men in the country out of work.

I do not see how there can be a merit system under the procedure of holding oral examinations. After the candidates have written the first part of the examination, a committee is formed to conduct an oral examination, and the chairman of that committee may be a man who knows absolutely nothing about the subject on which he is examining. After the oral examination the candidates are given their rating, which is based principally on that oral test. I quite agree with the hon. member for York South (Mr. Lawson) when he says that minor positions should not be under the civil service commission. Let us assume a caretaker is required for a building in the west; after the written examination there will be an oral one, with perhaps the school principal as chairman of the committee. He probably would not know how to start a fire in a furnace or how to fix a leaking tap; yet he would sit in judgment on those applying for the position. How can a merit system operate under such conditions? It is absolutely impossible. As far as the higher positions are concerned, I quite agree that they should be under the merit system.

I was very much surprised to hear the hon. member for Winnipeg North Centre (Mr. Woodsworth) say what he did with regard to the merit system. Every man who has belonged to a labour organization for any length of time knows that the merit system does not work as far as labour men are concerned, because views differ with regard to merit. The employees say one man has the merit; the employer says another man has the merit, so in connection with the railways in particular the merit system had to be discarded and the seniority system adopted.

In conclusion, Mr. Speaker, I am glad the government has seen fit to continue this committee.

Mr. J. A. MARSHALL (Camrose): Mr. Speaker, I wish to dissociate myself from most of the remarks of the hon. member for Bruce (Mr. Tomlinson). I think it was absolutely unfair of him to introduce the name of either a member of the commission or a member of the civil service into this house for censure. I believe pressure is constantly brought to bear upon the civil service commission with reference to appointments, but I also believe the men on the commission are above such things as playing politics. I honestly believe the work of the civil service commission can be extended to include positions under the Post Office Department. I find myself in complete opposition to the patronage system in all its forms, whether it has to do with minor positions or with more important positions of trust.

I was a member of the committee last year. We worked faithfully, for long hours, and brought in a report which I believe reflected the opinion of all members. I do hope that in the near future we shall have an opportunity to discuss the recommendations which were brought in at that time. I should like to repeat that I am heartily in favour of the merit system and will do all in my power as a member of that committee to oppose any individual or any member of the committee who may endeavour to introduce any form of patronage.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I do not wish to prolong this discussion, but I, too, wish to dissociate myself from many of the remarks made in this house this afternoon in criticism of the civil service commission and the present method of making appointments apart from political patronage. The hon. member for Bruce (Mr. Tomlinson) criticized hon. members of this house and said that the taxpayers expected us to assume our responsibilities as members. I do not wish to assume responsibility in connection with appointments for the making of which I have no particular qualifications, and about which I may know very little. But I would point out that to-day, under the patronage system, very often neither the sitting member nor the defeated member, men who enjoy or have enjoyed the confidence of a majority of the electors of the constituency, is responsible for appointments that may be made. I look at page 955 of *Hansard* for February 15 of this year and find, according to the reply to a question which I asked the Postmaster General (Mr. McLarty), that an appointment in my constituency was made on the recommendation of Mr. W. Richardson of Rosetown. Mr. Richardson is an estimable gentleman, but he was never elected as a member of this house. Mr. Loucks, the former member, is not consulted regarding appointments, nor is the sitting member; a gentleman who could not secure election to this house recommends the appointments in the constituency which I represent.

I do not believe that the member, the previous member or the defeated government candidate should make appointments. As has been pointed out, there are minor appointments in regard to which competitive examinations are perhaps not satisfactory, but there are ways, other than political patronage, of making such appointments. As regards promotions, I believe the merit system should be followed where possible, though I realize that there are positions in connection with which seniority ought to be the determining factor. When we talk of the responsibility of members of this house, I am amazed that hon. members should want to exercise political patronage. After all, I think the recommending of appointments frequently makes enemies for a member. Moreover, I believe there are other matters of greater importance to our constituents and to the country than the matter of making petty appointments and having our time taken up in that way.

I should like to see our civil service placed upon the same basis as the civil service of Great Britain or New Zealand. I remember when the Minister of Finance of New Zealand, Hon. Walter Nash, was here several years ago. I had met him when he was in Canada on a former occasion. His last visit was in 1937, and at that time his secretary told me that he knew Ottawa because of the previous visit he had made as private secretary to Mr. Nash's predecessor. He told me that in New Zealand civil servants were not changed when a change in government occurred. He told me also that only seven changes had been made in the service of that country since the new government took office in 1935. We are told that the civil services of Great Britain and New Zealand are efficient.

The other evening I was glad to compliment the Minister of National Revenue (Mr. Ilsley) when he said that he had not used his powers under the national revenue act to make appointments. I think that is something which should be commended by all those who desire good government. In my opinion political patronage is a form of corruption. Promises of jobs are made prior to an election, and to my mind that is only a form of bribery.

Mr. TOMLINSON: That is just the hon. member's opinion?

Mr. COLDWELL: It is my opinion that the promise of a position as payment for support is bribery and corruption. I do not think you can get away from it.

Mr. O'NEILL: Who does it?

Mr. COLDWELL: I ask the hon. gentleman to ask some of his friends.

Mr. O'NEILL: Did the hon. member ever make such a promise?

Mr. COLDWELL: No, I have never done it and I am very proud of that fact. I have been in public life, municipally and provincially, for a long time and I have made no promises of jobs.

Mr. FLEMING: I heard the hon. gentleman make several promises last year.

Mr. COLDWELL: The hon. member for Humboldt (Mr. Fleming) says that I made several promises during the provincial by-election in his constituency. He is quite right, but they were not promises of appointments; they were promises of good government and promises to further certain policies. That is entirely different from political patronage. I want to place myself behind those who support the civil service commission and the merit system. In my opinion patronage is a baneful influence in our public life. A few years ago I had the privilege of looking into the working of the civil service of one of our

provinces, and I protested against men being dismissed because of their political activities. While I believe there are limits beyond which a public servant should not go in his capacity as a citizen, still every citizen ought to be permitted to hold whatever political and religious opinions he desires. Political patronage tends to prevent that being done and helps to discredit our democratic institutions.

Hon. FERNAND RINFRET (Secretary of State): Mr. Speaker, I admit candidly that it was not the intention of the government to precipitate a debate this afternoon on civil service matters; the desire was merely to obtain the assent of the house to reviving the committee which I think accomplished excellent work last year. It was thought desirable to continue the work of this committee during the present session. I would point out that one of the reasons why the government is recommending this to the house was the first recommendation made by the committee in its report to the house last session. This recommendation reads:

1. Your committee deems it expedient and in the interest of the public, the civil service and the civil service commission that a standing committee on civil service matters be appointed at the commencement of each session of parliament, and therefore recommends to parliament that standing order 63 be amended by adding after clause (k) of said order, the following clause (l): "on civil service matters to consist of fifteen members, nine of whom shall constitute a quorum."

We were not quite ready to recommend the appointment of a standing committee, and we thought the next best thing would be to recommend the reconstitution of this committee. In our opinion it had not completed its work, and we thought that during the present session it might serve the purpose recommended. We did not feel that the membership of the committee should be reduced to fifteen. I think it is desirable that on a committee to deal with civil service matters all parties, provinces and groups should be represented. After discussing the matter with the Liberal whip, who had been in touch with the whips of the other groups, I came to the conclusion that a committee on civil service matters should consist of twenty-five members. The representation of certain groups would be reduced considerably, if they had any representation at all, with a committee of only fifteen members. If the committee to be reconstituted should renew the recommendation of the previous committee for the setting up of a standing committee on civil service matters, I suggest that consideration should be given to whether the limiting of the membership of such a committee to fifteen would not be a mistake. I would point out to hon. members that there was no time last session to consider the report submitted by the committee. The report was submitted on June 29 and, as all hon. members know, parliament prorogued two days later. Without prolonging the session there was no opportunity for a careful consideration of the report, much less for taking any action in connection with it.

During the recess I have had several interviews with the chairman of the civil service commission. He pointed out to me that of the twenty-five recommendations made by the committee, only five would require parliamentary or legislative action in order that they might be implemented. In most instances a change in regulations would bring about the purposes sought by the committee. I was told that the civil service commission had given study to this matter and had carried out a number of the recommendations made by the committee. In all fairness I think I should state that the former chairman of the committee took the stand when I met him that this was an optimistic statement, and that the commission had not carried out the recommendations to the extent mentioned.

I believe it should be one of the first duties of the new committee to call in representatives of the civil service commission, possibly the chairman, to find out exactly what action the commission has taken in connection with the recommendations which could be carried out by regulation. I must say also it has been suggested to me that two of the points raised in the report should be submitted to the committee dealing with superannuation because of its connection with this work. One of the recommendations is in regard to the eighty per cent of permanent employees in the different departments. It has been pointed out to me that if the present regulation were done away with, for which course quite a number of members have expressed a desire, this would add materially to the charges on the superannuation fund. The other recommendation is in regard to the age limit of sixty-five years.

I do not intend this afternoon to discuss any of these points. Although I respect your ruling, Mr. Speaker, I take the stand personally that the motion at present under consideration is to relieve the house of the discussion of many of the points which have been brought up this afternoon, and I propose to leave them for the committee to deal with. I merely remind the house that we have already in the civil service a regulation whereby a civil servant is not supposed to serve after sixty-five years of age. The recommendation

of the committee of last year could mean only one thing, namely, that this regulation should be more drastically enforced. But surely it is not intended, just because the age limit of sixty-five years has been reached, to deprive the government of authority to retain in the service in special cases a man who is of great value and who would be very hard to replace. One other point I would indicate in that connection is that if the regulation were rigidly enforced immediately, this would add a considerable burden to the superannuation fund by throwing out many hundreds of employees whose services could under ordinary circumstances be continued by order in council.

These questions I consider should be reopened for further study by the committee, and there can be a merging with the new recommendations so that when this committee brings in its report during the course of the session we shall have only one report to deal with.

I have only to add a word to alleviate the fears of any hon. member that the continuance of the work of this committee may in the least degree weaken the authority of the civil service commission. On the contrary, the appointment of the committee is meant to strengthen the civil service commission and to surround it with the proper guarantees which it has a right to expect from parliament. I need hardly repeat what has been so often said by my right hon. leader (Mr. Mackenzie King), namely that the present government is strongly and unequivocally in favour of the merit system, and I believe that parliament, if the question were put to a vote, would pronounce by a very large majority in favour of the merit system. But we all know that in the application of that system regulations of all sorts have to be considered. There have been inquiries into the administration of the civil service during the course of every parliament. I have myself served on several such committees. The present inquiry was promised early in the life of this parliament, but on account of the shortness of the sessions the inquiry was started only last year, and the expectation in all quarters of the house was that it would be continued this year.

Let me assure hon. members that there is not the least desire on the part of the government, either in instituting the committee last year or in continuing it this year, to do away with the principle that obtains in the civil service. The committee is asked to inquire into the operation of the act and to recommend changes in the regulations. Of course, when you have a parliament of 245 members you cannot prevent all sorts of opinions from being voiced and all sorts of demands from being made, but I wish to say again most emphatically that so far as the government is concerned it stands strongly for the merit system. It wants that system applied fully, and it wants to surround the application of that system with all the guarantees that will make it worthy of our country. That is all I have to say, and in commending this resolution to the house I trust that the interesting debate we have had this afternoon will be referred for continuance to the committee when it is constituted.

Mr. STEWART: Would the hon. gentleman allow me to ask him one question as to the age for retirement, seventy or sixty-five? Is retirement now compulsory at sixty-five unless in individual cases an extension is made, or is it merely optional?

Mr. RINFRET: At sixty-five it is optional, although it does require an order in council. After seventy it is compulsory.

Motion agreed to.

TRADE AGREEMENTS

CANADA-UNITED STATES—CONTINUATION OF DEBATE ON MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

The house resumed from Friday, February 17, consideration of the motion of Mr. Mackenzie King that the house go into committee on the following proposed resolution:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Hon. J. L. ILSLEY (Minister of National Revenue): Mr. Speaker, the resolution before the house reads:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

We are debating this resolution, which is an important government measure effecting far-reaching reductions of duties in this country, and indirectly, perhaps it is fair to say, in Great Britain and the United States. We are debating the principle of this resolution, not the details, and if it had not been for some of the remarks made in the debate, principally

by the speaker who preceded me (Mr. Stirling), I think I would try to avoid any mention of any particular commodities or any individual industries, because once one embarks upon a discussion of details it is pretty hard, within the time limit, to cover any ground at all.

What has interested me particularly in the debate has been the issue that seems to be developing between the government and the Conservative opposition. The opposition seems to be disinclined to come out strongly against this trade agreement, but rather to take the position that time alone can tell whether it is a good agreement or not. It is true that time alone can tell what the effect of some of the changes in individual tariff items will be, but it does not require time to tell a reasonably intelligent and patriotic Canadian whether he should be for or against the agreement. If it did, no government would dare sign such an agreement, and no opposition would dare oppose it. But this agreement is not pure speculation; it is not a leap in the dark; it is an agreement that is based on certain principles, and whether one is for or against the agreement should depend not upon the passage of time but upon one's belief or disbelief in those principles. The people of Canada will, I submit, judge the opposition, just as they will judge the government, according as they approve or disapprove those principles.

What does this trade agreement do? What are the principles underlying the making of it and the provisions of it? It seems to me that they are four in number: First, that it was the duty of the Canadian government to facilitate rather than to obstruct the making of the agreement between the United Kingdom and the United States. If one believes, as this government did and does, that the frustration of the negotiations between those two great democracies would have been a calamity, economic but not wholly economic, conditions being what they are in the world to-day, then he believes in one of the principles underlying this agreement, because an agreement of this kind was a pre-requisite to the other agreement.

The second principle is this, that it is in the interests of this country and all countries that the United States and the United Kingdom keep to the pathway of greater freedom of trade instead of greater restriction of trade. The two latter are now protectionist countries. We are not directly affected by Great Britain's protectionism to more than a very small extent, because she lets most of our products into her markets free of duty. But nothing has hurt this country more, economically, in the past than the extreme protectionism of the United States of America; and in my opinion very few things have hurt the United States or the world more. This is not a theoretical question. Many industries in this dominion have had bitter experience of the exclusion of their products from the United States market. And, if we assume that a turning point was coming in the course of the fiscal policy of the United States, it clearly was the duty of Canada to take a course that would lead to the stemming of this protectionist tendency in the United States instead of the encouragement of it. There is in the United States, as in most countries, continuous pressure on government by special interests to exclude competitive products from abroad. By this agreement this tendency is checked and a direction given to United States fiscal policy which will be of immeasurable benefit to mankind. If one believes that this development is important and salutary, he believes in another of the principles underlying this trade agreement.

The third principle is that the stabilization of our trade relations with the United States and the United Kingdom is desirable. The agreement with the United States was terminable by notice at any time after December 31, 1938. By that I mean that a notice could have been given before or after December 31, 1938, provided the agreement itself did not terminate before that time. It would have been most unsatisfactory for Canada to drift precariously in ignorance as to whether the agreement would be terminated, and if so, when. It was most important to give the future of our trade relations with the United States some certainty, and equally important to do so conformably to the wishes of the United Kingdom, so that when 1940 arrives we can expect a continuation for a considerable period, of the satisfactory trade relations which exist between Canada and the United Kingdom. The making of this agreement accords with the trade agreement policy of our two great customers, and places our own trade relations with both on a stable basis. This, it seems to me, is the third principle of the agreement.

The fourth is that our main trade interest as a great exporting nation, the fourth exporting nation in the world, is to have tariffs low in this world rather than high. The conclusion of a trade agreement between the United Kingdom and the United States with a large number of reductions in the tariffs of both countries, the benefits of which extend to many most favoured nations, is bound to have far-reaching reciprocal effects, of which we, as a most favoured supplier of those nations, will in the future receive the benefit.

These, it seems to me, are the main principles of the trade agreement. I do not know whether the opposition believe in them or not, but I think they will have to make up their minds. They have not told the house. The main feature of their attitude is one of rather gloomily predicting that time alone can tell. They do, however, say something else about the trade agreement. They say that it is an exchange of a certain market for an uncertain one. They say that we are losing a certain market in Great Britain and acquiring in lieu thereof an uncertain market in the United States. Neither one of these statements is correct. We are not losing, in any sense of the word, the British market, either partly or wholly; and we are not acquiring a market in the United States which under the circumstances is likely to be uncertain. It is said that if there is a change of government in the United States this agreement may be terminated and we may find our products once more excluded from that country. One of the surest safeguards against the cancellation of the Canada-United States trade agreement is the difference between the levels of our intermediate and general tariffs, which is a very great difference, and I am sure that no United States government will lightly consider the cancellation of an agreement with Canada which will subject their goods once more to the heavy disabilities of entry into this country under the general tariff. It is not reasonable that this would be the case. It may be that if their whole trading policy receives a new orientation at some future date, all their trade agreements will be cancelled; but I would point out that if that is the case, and if our trade agreement continues with Great Britain as we have every reason to expect that it will, the cancellation of the trade agreements as a whole will mean the restoration of our preferences in the British market—which will be a further deterrent to the cancellation of the trade agreements. So that I think we may expect a reasonable degree of certainty and stability to the arrangements that have been made under this trade agreement.

The next position taken by the opposition is that, whether this agreement is good in principle or not, we have paid too high a price for it. As the hon. member for Yale (Mr. Stirling) said on Friday night, the question becomes wholly one of price. What is the price that we are said to have paid for the agreement? It is said that we have lowered some of our duties too far, and undoubtedly that will be argued by a great many of the opposition speakers. On that point I can only say that, for an agreement which extends to and affects so many thousands of products imported into this country, the volume of complaint which the government has received is very small indeed. Some industries are afraid that they will lose more than they will gain by the agreement. But that is not true of more than a very few. Canadian industry as a whole is not displeased with, but is rather in favour of, this agreement, as is evident by the expressions of opinion which one has heard and read since the agreement was announced in November. The interests of Canadian industries have been carefully safeguarded, and for the most part they are not injuriously affected in the smallest degree.

The position taken seems to be that tariff concessions by Canada are necessarily sacrifices by this country. That is not the case. Tariff concessions are not necessarily sacrifices. It does not follow that because the other country is helped, this country is hurt. The concessions may help this country even more than the country to which the concessions are made. I have in mind, for example, Indian corn. The duty is reduced by this agreement from twenty cents to ten cents a bushel on the corn which is used by persons feeding stock on farms. But I do not think there would be any opinion, certainly not very much, in this country that the reduction of the farmer's costs from twenty cents to ten cents a bushel on the corn he buys would be an injury to this country; on the contrary it would be a benefit.

The hon. member for Yale, speaking on Friday night, referred to fruits and vegetables. He said that this is the third blow which this government has struck the fruit and vegetable industry. I would point out that the interests of the fruit and vegetable growers have been very carefully safeguarded in this agreement. I have before me a list of the twenty-seven fruits and vegetables which are affected by the agreement, and I have here also a list of their assumed invoice values when imported—I am confident that they are entirely fair, and they have been used in this house before. I have a computation of the protection that will still be extended to these fruits and vegetables during the seasons and in the regions where the protection accorded by fixed valuations applies, and I find that the average of ad valorem equivalents is still 65 per cent, while a great many of the ad valorem equivalents run to much higher figures, two of them going to over 100 per cent. These reductions in the valuations were not lightly agreed to. Everything was taken into account. The tariff rate was reduced from 15 to 10 per cent, but that benefits the consumer in

the seasons when the fruits are imported. The agreement provides for sufficient protection in those regions and during those seasons when our growers can meet the demand.

It is said that we should not have consented to the modifications of preferences in the British market, and two products in particular are mentioned, namely wheat and apples. Wheat has been dealt with in the house by several speakers, and I do not feel particularly qualified to discuss it, but the impression I have received since this wheat preference went into effect in 1932 is that it has never had a beneficial effect upon the price of wheat received by the Canadian grower of that commodity. The reason is that the empire is a net exporter of wheat, and when a territory protected by a tariff wall is on an exporting basis the price within the tariff wall is always dependent upon, is always fixed by and cannot be higher than the price of the export surplus. It is true that some foreign wheat may have been shut out of the English market by the duty; but if Canadian wheat cannot all be marketed within the empire and some of it has to be marketed outside, it means that much additional competition outside, with the result that the price is depressed, bringing down the price within the empire to the world level. Under these conditions a duty has no beneficial effect on price.

If I remember correctly, and I meant to look this up, there was provision in the 1932 treaty that if the price were raised, if the price within the United Kingdom were higher than the world price, the protection should be withdrawn; and it never was withdrawn because the price in the United Kingdom market did not rise above the world price.

With regard to the other objection to the removal of the wheat preference, that such a removal will have an effect on ports, there are a great many things to be said. It must be remembered that Canadian ports do not handle only Canadian wheat which is shipped to United Kingdom destinations. Canadian ports handle Canadian wheat which is shipped to non-empire destinations as well; they handle United States wheat which is shipped to overseas destinations, empire and non-empire; and it is a completely inadequate statement of the situation to deal with the effect upon the first-class shipments alone. It is probable that the preference had the effect of routing some Canadian wheat destined for the United Kingdom through Canadian ports, which otherwise would have gone through United States ports. But there may have been—I do not say there was—a corresponding routing of Canadian wheat shipped to other overseas destinations and of United States wheat shipped to overseas destinations through Canadian ports, which otherwise would have been shipped through United States ports. One would have to go into the statistics to find out and it would require expert analysis, because it is far from easy to arrive at the true situation by a cursory examination of the figures. It does not follow that, because some Canadian wheat destined for the United Kingdom was diverted through Canadian ports, the Canadian ports gained on balance.

In the examination I have been able to give the figures, I find some curious facts. I find that even of Canadian wheat shipped to overseas destinations, including the United Kingdom, United States ports handled 30 per cent in the four preference fiscal years following 1932-33, as against only 43 per cent in the four pre-preference years, before 1932-33. In 1935-36, a preference year, the United States ports handled 37 per cent of Canadian wheat shipped to overseas destinations as against 34·7 per cent in 1931-32, a pre-preference year. I find that by far the largest quantity of wheat handled at Halifax was in the crop year 1928-29 when there was no preference, and one of the smallest quantities ever handled, if not the smallest, was in the crop year 1937-38 when there was a preference. So the amount of business done by the ports depends on so many other factors that it is a complete distortion of the facts to represent this as a major factor. Preference has always been a minor, varying and unpredictable factor in the production of Canadian port business.

I come now to a subject of which I know a little more than about wheat, namely, apples. The hon. member for Yale on Friday night said that he could not understand how the Minister of National Revenue could have gone to his constituency and have told the people of the Annapolis valley, who admittedly have a larger interest in the English market for apples than any other constituency in Canada, in fact more than the rest of Canada put together, that in his opinion this agreement would not hurt them but on the contrary would probably in the long run help them. The hon. member's theory, which was a most amusing and interesting one, was that the government had decided to throw away that constituency and to give up any hopes in his constituency, and therefore agreed to the reduction of the apple preference. Well, I hope I do not look as if I had committed political suicide. I am not conscious of having done so and can assure the house that so far as I can appraise the sentiments

or the opinions of my constituents, they are in favour of this agreement, not against it, and I can give the reasons why they are.

To begin with, what was done? The duty on United States apples going into the United Kingdom was 4s. 6d. per hundredweight. We consented to a reduction, during the term of the agreement between the United Kingdom and the United States, to 3 shillings per hundredweight. The value of apples that we have shipped from Nova Scotia to the United Kingdom during the past ten years, according to the statistics here, was only a little over $2 a barrel f.o.b., shipping point, but I feel that this must be a little low and I am assuming that the average price during the past ten years was $2.25 a barrel. A duty of 4s. 6d. per hundredweight on that would be about $1.40 a barrel, which would be something over 60 per cent ad valorem on an f.o.b. valuation of $2.25. That is a pretty high protection; it was always recognized as such. As a matter of fact, I found that the apple interests of Nova Scotia in 1932 did not request a duty of 4s. 6d; they requested a duty of 2 shillings first, then 2s. 6d. and when other interests pressed for a duty of 5 shillings, they of course were agreeable to 4s. 6d.

I said that I think the apple growers of Nova Scotia are in favour of this agreement. They realize that the preference was the act of Great Britain, not of Canada; that the duties are British duties, not Canadian; that our agreement could be terminated by either Great Britain or ourselves in 1940, and that after 1940 Great Britain would have had the right to levy duties against our apples, or remove all duties against United States apples, or do anything else she wished with her apple duties. They felt also that it was important that we have some regard for Great Britain's wishes in this matter; that it would be folly for us to stand in her way merely for the sake of retaining an extremely high preference for one more season. It would have been dropping the substance for the shadow. Under this new arrangement our position is stabilized on what might be called a 30 to 40 per cent, rather than a 60 per cent, basis in the British market, which is a reasonable basis. They know that far more important than any duty against United States apples going into Great Britain is the preservation of free entry for our own apples. They feel also that with the new direction which has been given to the trade policies of the three countries, freedom of entry will not be threatened for a long time to come. They are aware that the high 4s. 6d. rate was unduly stimulating British production, and many were worrying about a duty the height of which was raising up in Great Britain competition which would eventually destroy us. The natural result of orchards being set out in Great Britain on a large scale would be that after a while the apple interests there would insist upon duties against our apples. Indeed, as the hon. member for Yale must know, there had already been some agitation for a duty of 2s. 6d. per hundredweight against our apples.

Mr. STIRLING: For many years past.

Mr. ILSLEY: Yes. The new rate, being more moderate, will lessen the danger of over-production of apples in Great Britain with consequent restriction upon the movement of our apples. They recall that in 1930 and 1931 it was felt by Nova Scotian apple interests, probably for the reasons I have just mentioned, that 2 shillings and 2s. 6d. would be enough protection. True, the situation has changed somewhat since that time because of the stimulation of British production, but that process has not gone on so long that a correction cannot be attempted. They realize also that the chief benefit which the United States will get from lower British duties may be, not greater volume of sales in the British market, but greater returns on the same volume, on account of the fact that they will not have to pay so much to the British treasury in high duties. That expectation has been verified by the experience since January 1, as far as anything can be verified in so short a period. Shipments from the United States have not increased since January 1; they have gone along steadily maintaining the same relative proportion to the shipments of a year ago that they did before January 1, showing that the advantage for them is not an enlarged market for their apples but increased returns. Needless to say, our price cannot possibly be affected in the British market unless there is a substantial increase in the quantity of United States apples shipped into that market, and even then the effect on the price is wholly untraceable and unpredictable. I heard one hon. member, the hon. member for Royal (Mr. Brooks) I think, say that the reduction in this duty meant a reduction of so many cents a barrel in the price. It means nothing of the kind. The reduction in duty is not necessarily reflected in the price.

Mr. STEWART: That is a good argument for some of the minister's friends.

Mr. ILSLEY: It is true. It all depends on the conditions, but under these conditions it is true. For instance, for the five years

succeeding 1932 the prices of our leading varieties were lower by several shillings a barrel than for the five previous years. I made a very careful study of that situation. They might, and probably would, have been lower still, had it not been for the preference, but it is utterly impossible to trace the effect of that particular kind of duty in increased or decreased prices.

Mr. STIRLING: As the Minister of Trade and Commerce says, time will tell.

Mr. EULER: I was echoing what the leader of the opposition said.

Mr. MANION: Keep on; it is worth echoing.

Mr. ILSLEY: The apple interests of Nova Scotia attach some importance to the anti-dumping provision in the agreement between the United States and the United Kingdom by which the British reserve the right to impose dumping duties or take other corrective measures if dumping is resorted to by United States shippers to the United Kingdom. They also attach importance to the letter from the United States government by which the United States have recognized the principle of regulation of shipments and have agreed to call the attention of their industry to the desirability of such regulation. That letter appears in one of the annexes to the agreement. They know that our position in the Canadian market remains unaffected, and they are gratified by the reduction in duties and import taxes, which is provided for by the trade agreement, on some of their supplies, particularly on spraying and dusting materials and fertilizers, and upon agricultural implements, including spraying and other orcharding machinery from which the 3 per cent special excise tax is to be removed. It is for these reasons that the apple growing interests in Nova Scotia are satisfied that the present level of preference, which, after all, on a $2.25 per barrel price basis is still over 40 per cent, when taken with the other provisions of the agreement will prove a help rather than an injury to the apple growing industry of that province.

But even if the situation were different, I am satisfied that my constituents would not be disposed to be so narrow as to regard this agreement purely as a matter of a few cents a barrel on apples.

Mr. SPENCE: The minister must have a wonderful country.

Mr. MICHAUD: It is.

Mr. ILSLEY: I must admit that they are perhaps a little in advance of myself in that regard, and they are a long way in advance of the hon. member for Yale, if we are to take his speech of last Friday night as a true reflection of his feelings. When these trade agreements were first talked of, I found that they appreciated the situation with which this country and this government were confronted. They knew that when the United States and the United Kingdom started negotiations last year, this was a new and dramatic development in international trade. It appealed to their imagination, to the imagination of the people of Great Britain and the United States.

Some hon. MEMBERS: Oh, oh.

Mr. ILSLEY: The Tory party cannot understand that. I knew that when I said that it would provoke a laugh from the opposition benches. But it is true, and true of the people of this country as a whole.

Mr. STIRLING: Such a happy truth!

Mr. ILSLEY: They realized that vital interests, fundamental principles and the future welfare of hundreds of millions of people were involved; they realized that Anglo-Saxon commerce was at the cross-roads. Would it take the way of rigid exclusionism or the way of mutual concession? And they were in favour of Canada adopting a policy of give and take, which they felt was the only policy for this country, as well as for the other two countries involved in the transaction, to adopt.

The people of my constituency, and I think the people of Canada as a whole, realized this, that in a day of totalitarian gibes and sneers at democracy, it was a matter of pride and satisfaction that great democracies could work together for great ends.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

POST OFFICE ACT

AMENDMENT PROHIBITING MAILING OF COMMUNISTIC LITERATURE

Mr. WILFRID LACROIX (Quebec-Montmorency) moved the second reading of Bill No. 4, to amend the Post Office Act.

He said: Mr. Speaker, I consider it advisable, before asking the house to prevent the distribution by mail of all communistic propaganda, to define my conception of communism and to endeavour to penetrate hon. members with the importance for this country of pre-

venting the distribution of a species of propaganda opposed to our best traditions and to the Christian character of our country, symbolized every day in this chamber when, before beginning our deliberations, we invoke the help of God.

Communism is above all a philosophical system based on materialism. For communists, matter, that is whatever falls under the senses, was not created, but has always existed. Originally imperfect, matter has evolved and improved until it has produced, first, animals in general, then the human animal which is man.

To the objection that man has a soul spiritual and intelligent which, through the brain, can think and have ideas, communists answer that there is no such thing as the soul. Thought, according to them, is the product of the animal organism in activity. Ideas—yours and mine—are secreted by the brain, just as bile is secreted by the liver and urine by the kidneys.

If intelligence is solely the product of the brain, it disappears at death. There is therefore no future life. If man himself is only the result of evolution and the perfected descendent of eternally-moving matter, there is no creator, no God.

How is it, then, that the communists are so bitter against a God whose existence they deny? Why this inconsistency? Let us seek the explanation.

Communism is not only a religious heresy, it is not only atheism; it is also a system of economics.

The world is out of balance to-day, communists assert, because capitalism has become too powerful. It has upset the balance to the detriment of the working class. In order to rebuild an economic structure better suited to man, whom matter has begotten in view of temporal happiness, it is necessary that the vanquished force regain the upper hand, which is impossible without class war, without political revolution, without upsetting governments, so as to bring about a new economic order where the individual will be merged in the all-embracing proletarian society.

But the revolution of the oppressed masses against their oppressors cannot be carried on without hatred. And belief in God, the existence of religions, particularly of the Catholic religion, the presence of the Pope, of bishops and of priests, are so many obstacles in the way of hatred, so many obstacles to the setting in motion of the class struggle out of which the regenerative revolution is to come.

[Mr. W. Lacroix.]

These obstacles communists seek to remove by attacking God, religion, the clergy and all movements of faith leading to the love of God and of one's neighbour.

Religion says: Thou shalt love thy fellowmen, all of them without exception; white man, thou shalt love the negro; rich man, thou shalt love the poor; poor man, thou shalt love the rich; negro, thou shalt love the white man. To all, thou shalt wish well and, above all, thou shalt seek to do justice to others and respect their rights. Communism speaks otherwise. It says: Thou shalt devote thyself to thy class, to proletarians like thyself; but remember that whoever does not belong to thy class is necessarily thine enemy; remember that good is whatever is useful to thy class and evil whatever may weaken it.

This is a gospel of egoism, as opposed to the gospel of universal brotherhood.

But the opposition between communism and religion, particularly the Catholic religion, extends to other fields. Communism seeks happiness in the joy of ensuring material comfort to all men, while religion teaches that happiness is to be found only in the inner life, in peace of heart and rectitude of mind. Communism knows only the sexual instinct which assimilates man to the beasts, while religion seeks to raise man to true and constant love—conjugal love, paternal or maternal love, filial or fraternal love.

Communism, seeing only the body, recognizes only the individual, while religions honour the family.

Communism makes of truth and justice a matter of class, while religions teach that truth, justice and right are either universal or nothing at all.

Communism subordinates the individual to the social group whose blind servant he is to be, adopting its ideas, its loves and its hates, in a word, its ideology. Religion, on the contrary, places above all else human dignity and free responsibility by virtue of which every man must seek the truth for himself and freely embrace it—human dignity which respects the ideas of others and expects to triumph over error only by the methods of reason, and which places the individual conscience above collective opinion.

Such are the vast differences which separate communism from religion. A struggle is inevitable.

Lenin said:

I hate God as a personal enemy.

He spoke truly, for the real God uproots from the heart of man the god of hatred

and violence, of blood and filth, which Lenin adored. That is why communists seek to destroy God. It is also Lenin who said:

> We have dethroned the czars of the earth, we will now destroy those of Heaven. We shall pursue our attacks against God in due time and in the proper manner, and we are confident of overthrowing him in his empire.

Passing from word to action, the communists have in Russia, Mexico and Spain crucified, killed or tortured priests, monks and nuns, violated cemeteries and the corpses of nuns, and pillaged, profaned or demolished temples, tabernacles and sacred vessels.

In order properly to appreciate the malice and hatred of communism against God, religion, the clergy and the faithful, it must be remembered that its leaders have invented a religion whose very name should make the godless tremble. Godlessness exists since eleven years. Organized in 50 countries, it has 7,000,000 active members and 82,000,000 supporters grouped in 70,000 cells, against 9,000 six years ago. Its newspaper, *Bezbonitz,* has a circulation of 180,000. Every line is a blasphemy, every illustration a sacrilege.

And, in answer to Canadian propagandists who carry diplomacy to the point of distinguishing between godlessness and communism, and maintain that they have nothing to do with the godless, I would say that they are twins.

Words and facts prove it.

In March 1936, Yaroslavsky, leader of the godless, said:

> Ten years of battle against the opium of religion bring the triumph of communism ten years nearer.

Lenin's wife admits that "atheistic education remains the aim of the soviet government." To those words which reflect the intimate relations between the godless and the communists, may be added the testimony of facts. Stalin encourages the godless and rejoices over their success.

On May 15, 1932, the communist government of Russia passed a decree containing 118 clauses and planning in great detail the fight against God. *Pravda,* the official organ of the Russian communist party, gives its assistance to the godless in the same manner as to the police agents, most of whom are active members of the godless movement.

Therefore, communism is a counter-religion whose creed and worship rest on the inexistence of God, the basis of which is materialism, and whose religious consequences are a battle against religion, against the clergy, the churches and the religious orders. But such an heresy has social consequences which materialized in Russia in a revolting manner.

Communists do not want war upon God for its own sake; they do not want class struggle for its own sake; they do not encourage revolution for the sake of revolution; they do not desire power for the sake of power. To their mind, class war, revolution, the fight against God, power are only means to establish a collectivistic economic system which will replace the capitalist system.

But it would be useless to destroy capitalism and capitalists if the working classes were to apply the same ideas, because they, in their turn, would become capitalists. What then, will be the principles of the communist system?

The first economic act of the working and peasant classes, were they to come to power, would be to put an end to profit. Everyone knows that profit is the spread between the sale price and the cost of production. Ten thousand pairs of shoes cost $15,000 to Company X; the company sells them for $20,000. Its profits will be $5,000, and it will be distributed in dividends to the stockholders. Under the communist system, there will be no profit. It will have been distributed in advance by way of remuneration to the workers. Because, according to the communists, the appreciation in value of a product is solely due to the labour put in it.

Therefore, money capital is not productive. Consequently, interest on money will also be abolished.

If the manual labour alone is to be paid for, how will it be done? Labour is not a commodity, everybody is agreed on that point. It is the condition which must be fulfilled by each one of us, to the extent of his ability, in order that he may have the right to live. From that springs the great principle: from everyone according to his capacity, to everyone according to his needs.

As the labour of everyone varies and his needs also according to his health, his age, and his sex, society alone will distribute commodities and responsibilities. Commerce will be nationalized as well as production.

But, if production is to be commensurate with the needs of consumption, it must conform to predetermined plans to the realization of which labourers will work.

Therefore ,the new state will acquire the industrial plants, the soil, the water powers, the machines, the tools, the buildings, in a word all capital goods. It will be the end of private property.

You will easily see the social consequences of such doctrines.

The communist does not admit other society than the whole of humanity. From

that, follows the destruction of the family. In the communistic society, where the individual does not work for himself but where the whole giant community works for all, there is no place for the family. "The primary end of marriage is the support, the education and the future of the child." Now, the child, according to communist ideas, is only a member of the giant community working for all. He is bound to that community, and he should be, as any individual, fed, brought up and guided by it, and not by his parents.

Under our system, milk, swaddling-clothes, fuel, housing and education are goods which parents must buy for their children. Under the communist system:

> There are no goods, but only products, which are not bartered. They are neither bought nor sold, but merely deposited in soviet warehouses and delivered to those who need them.

They are delivered to children as to others, in the State nurseries or kindergarten. And so, parents will be freed from the marriage bond which keeps them together in the interest of the child.

If, under the communist system, the family was merely useless, the bolshevists would not be very much concerned about it. They want to destroy it because it is for them an irreconcilable enemy. How could it be otherwise? He who has a wife; children and a home, will always have a tendency to work for his own family rather than for the giant State, to devote himself entirely to his own kin rather than to an anonymous community and to secure their future by taking something from the common stock. Communism must, therefore, even by resorting to violence, break that universal mentality. The individual should accustom himself not to place a screen between himself and the proletarian society dreamed of, to consider himself as a unit in the gigantic hive, and not, primarily, as a husband or a wife, as a father or a mother.

In order to attain that antifamily aim, communism permits free love, optional registration of marriages as well as of divorces, optional cohabitation, absolute freedom for each consort to organize his life as he wishes; abortion and action without restriction for affiliation.

Is it necessary to add that the application of such principles led to most spectacular failure? It would entail the description of the picture of millions of children slowly dying in concentration camps, where vice reigns supreme; the picture of millions of young men or young women living in the same institutions in a depraved promiscuity encouraged by the State.

Lenin's widow did not hesitate to say:

> For a Russian girl to oppose resistance to rape is to act in opposition to the communist revolution.

Is it a wonder, in those circumstances, that communists consider women only as instruments of pleasure available to all? No wonder that abortions are counted by the million every year, that this number is two or three times that of births. In 1935 alone, there were 150,000 abortions as against 70,000 births, in Moscow, the capital of the U.S.S.R.

Such is communism, considered from the religious, the economic and the social angles. Let us envisage it now from the political point of view.

Is it necessary to repeat that the communists consider that the world is at present divided into two classes: the capitalists, who make others work; the labourers, who work. Above them, governments which protect the capitalists as much as possible to the prejudice of the workers, or proletarians.

Communists insist that capital, wealth, goods and instruments of production belong to everybody, that is to say to the community, to humanity, which will comprise only one class, that of the present proletarians, of the exploited of to-day.

In order to change the existing situation, to destroy the capitalist class and give its wealth to the whole community, communists claim that existing governments should be overthrown and the political power over countries turned over to industrial workers and peasants.

In order to overthrow governments, to conquer power, communists are advocating and organizing revolutions in Mexico and Spain, as they did in Russia.

I have said that they organize revolutions. To that effect, the Third International has been formed, to be the universal instrument of political revolution.

It is time to prove that the idealistic structure of communism, aiming at bringing heaven on earth by means of collectivism, is an immense farce, a colossal humbug.

I will demonstrate: first, that the Third International is the outgrowth of the Russian communist party and of the Russian soviet government; secondly, that the Russian soviet government is the tool, the creature of the Russian communist party; thirdly, that the Russian soviet government and the Russian communist party are ruled by a political bureau having jurisdiction over all the com-

munist parties of the world; fourthly, that this political bureau is, in turn, dominated by one man: Stalin.

And we will all conclude that the famous rule of the proletarian class, which is supposed to lead us to an earthly paradise, is the rule, not of the working class, but of Stalin.

The Third International is the outgrowth of the Russian communist party and of the Russian soviet government. I will prove it: The Third International, called *Komintern* in Russian, was created in 1918 by three leaders of the Russian communist party, Lenin, Stalin and Sverdlof, at a congress, where 17 of the 35 delegates were members of the Russian communist party. At one of its sittings, Zinovief spoke as follows:

I say that our party considers that it is very urgent officially to establish the Third International.

Lenin stated:

The aim of the International, its essential function, which is the practical application of the marxist doctrine and the social ideal, of a hundred years standing, of the proletarian movement—that distinctive feature of the Third International—has immediately found its expression in the fact that the new International Union of Proletarians has just identified itself, so to speak, with the Union of Soviet Socialist Republics, designated by the initials U.S.S.R.

Why have the communist party and the government of Soviet Russia created the IIIrd International? In order to carry on revolutionary activities throughout the whole world. As an official organization of the U.S.S.R., the Commissariat for Foreign Affairs could not very well organize the overthrow of foreign governments. An organization free from suspicion, from scruples and from diplomatic sanctions had to be established. Such an organization is the Third International.

While the Commissariat for Foreign Affairs officially represents the Soviet government and maintains contact with the Foreign Offices of other countries in all official relations between states, the Third International deals, in its capacity of special organization of the Russian communist party and of the Soviet State, with all relations with the masses in foreign countries capable of being used for the purposes of world revolution. It endeavours by various means to obtain the adhesion of these masses to the bolshevist cause and to organize them under the auspices of the *Komintern,* an organization created for the special purpose of acting as an agency of propaganda and world revolution.

I think I have clearly established, first, that the Third International or *Komintern* is a revolutionary instrument, an incendiary torch destined to light the fire of civil war in all countries. Secondly, I stated that the Russian government is itself the tool of the communist party. Let us look into the matter. It must be admitted that the new Russian constitution established last autumn grants to men and women of 18 years and over the right to vote, that is to choose their rulers. But they cannot choose between candidates. Candidates can be put forward by only one party, the communist party. Section 141 is clear on that point:

The right to nominate candidates is granted to social and workers' organizations, to organizers of the communist party, to trades unions, to cooperative societies, to youth organizations and cultural societies.

Section 126 makes this restriction still more severe, for it says that the communist party—

—represent the ruling nucleus of all workers' organizations, social as well as state.

The organizations which, under section 141, are allowed to nominate candidates are therefore directed by the communist party. If the candidates among which the rulers are chosen are tools of the communist party, whose iron discipline I shall indicate further on, the resulting government will necessarily be its tool also. Thirdly, the communist party itself is dominated by an executive acting under the orders of an all-powerful political bureau.

In short, the party, composed of only 2,000,000 Russians, holds both government and people under its control by means of its iron discipline. The heads of the party hold that informing and spying are among the duties of every member.

Spying and informing are practised on a large scale. The executive loses no occasion to remove from the party, if not from the land of the living, all those who think differently from the party leaders. Therein is to be found the explanation of the famous trials of the so-called Trotskysts and of others.

According to Ossingsky, the Political Bureau is the last resort. It is the most important section of the party, it is concerned not only with the most serious economic and political problems of Russia, but also with a multitude of less important questions.

Fourthly, it remains to be established that the Political Bureau is dominated by Stalin, that Stalin has the final say, that he is a dictator.

Voroschiloff said before the congress:

It is the Political Bureau that decides upon the policy of the U.S.S.R. . . . I state that comrade Stalin is the most important member of the Political Bureau, although he never claims to be the first; he takes the most active part in the solution of the problems and his proposals are accepted more often than those of the other members.

Stalin is general secretary of the communist party, but that is not the title under which he is acclaimed. At the conventions of the party and of the Third International he is hailed as "chief of the Soviet Union, of the Communist International, of the coming bolshevik world revolution."

The official newspapers of the U.S.S.R. and of the *Komintern* hail Stalin as the Fuhrer of the U.S.S.R., the supreme chief of the proletariat and of the workers of the world.

In a word, he is the man of iron who, thanks to the G.P.U., terrorizes 161 millions of Russians and sends to the firing squad all those who give him umbrage.

All that is done in the name of liberty, equality and fraternity. In the name of liberty, Russian communism has executed 12,000 priests, 8,000 teachers, and caused the death of 35 to 40 millions of people. In the name of liberty, it has imprisoned millions who were suspected of non-communist opinions, and still almost every day Stalin destroys dozens of his opponents. In the name of liberty, he has forced the citizens to work like mercenaries for thirty cents a day, under the watch of an army of police officers.

In the name of equality, the Moscow government has abolished military distinctions and placed its underlings in command. In the name of equality also, it has stolen the money of the capitalists and of the nobility, especially for the benefit of the heads of the communist party and of the organizers of the revolution of 1917.

Finally, in the name of fraternity, the Russian government has separated husbands from their wives and children. In the name of fraternity, children have been burnt alive or starved to death in concentration camps infested with vermin and vice.

Bondage, slavery, terrorism, persecution and barbarity spell the result of twenty years of communist government. And that is the kind of government that is proposed to the nations of the world! And it is to achieve the same results that the agents of Moscow try to enter America! And it is for such results that many Canadians prepare themselves for the struggle in the ranks of the Third Communist International!

That must not be.

We must prevent the teaching of communism in our country. That is the object of the bill which I submit to this house.

I think communist literature could easily be traced by a proper utilization of the dead-letter branch of the Post Office Department. The communist newspapers are all published in Toronto from where they are sent to different addresses in the province of Quebec. They are mailed free to the members of labour unions. The names of the members of labour unions are obtained from directories, and when those people move to a different address, a large number of those papers are sent to the dead letter office where they can be traced back to their publishers without extra expenditure to the Post Office Department.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, at the last session I moved an amendment to the Post Office Act. I introduced a bill having particular reference to newspapers; it passed this house, but it did not have much success in another place.

Christianity is part of the law of England. By the Constitutional Act of 1791, so much of the law of England was copied in Canada as was adapted to our circumstances, and automatically Christianity became in that year the law of Canada. Had I been at the Conservative convention last July I would have urged that there be incorporated in our platform, a declaration in favour of the Christian religion in Canada, because it was made part of the platform of the Chamberlain government and of the National Conservative party at the great convention which was addressed by Lord Baldwin and Mr. Chamberlain.

In my opinion this particular bill is not one which this parliament should pass. Hon. members need only read Lord Hewart's textbook, The New Despotism, to see where liberty is heading and will wind up if parliament divests itself of any part of its power, either to the Postmaster General or to the governor general in council, and thus gives his or its decision the force of a statute. I am surprised at the use here of the name "Liberalism," because we have no Liberals in this country as they have them in England. It seems to me that some of the real Conservatives are on the government front benches opposite.

I am not a communist, and I have no sympathy with what the hon. gentleman says is being done in the province of Quebec by those who preach subversive doctrines. Let me say something which I hope the Minister of Justice (Mr. Lapointe) will heed, about Canada's foes within and without the country. I was glad to read, after all the abuse which public men are getting these days, the tribute that was paid to the right hon. gentleman in the venerable and ancient city of Quebec—a tribute which was as merited as deserved. I understand the assembly had a fine and witty chairman in the person of

the Minister of Public Works (Mr. Cardin), whom I do not see present. But let me say this to the right hon. Minister of Justice, that after having sat in this house since 1921, I believe that some of the most distinguished Conservatives who can be found in this country are sitting on the government front benches.

I am opposed to any contraction in the liberty of the subject. The same speeches and the preaching of such doctrines, of which the hon. member has been complaining, are being heard almost every day in the British House of Commons from the communists. If the government want to do something to stop communism, let them go to work as a government and eliminate abuses, social and domestic, in Canada. They have not done very much this session—so little that our friends in another house, having taken three weeks' holiday, decided to take another three weeks. They have not this famous bill of mine to amend the Post Office Act, commonly known as the newspaper bill, but they might have had this Bill No. 4, introduced by the hon. member for Quebec-Montmorency (Mr. Lacroix).

The hon. gentleman wants to do something to stop communism. When I was chairman of the Toronto police commission, its members included Colonel Denison, the late Judge Winchester, and Lieutenant-Colonel Chief Grasset, a very good chief and for thirty-four years the head, who had served in and commanded the Royal Grenadiers in the North-west Rebellion. His father was rector of St. James cathedral, having succeeded the late Bishop Strachan, the first Bishop of Toronto. When this communistic propaganda first started in Toronto, "It would be far better," said Colonel Denison, "to let these people get up and make some speeches, the way they do in Hyde Park—probably nobody will pay an awful lot of attention to them—than to have them meet privately in secret and do damage." That was the policy then. When this movement started, few belonged. That policy was reversed, and I do not say, wrongly, because concerted efforts had been made by a section of the people to attack the institutions of this country and preach subversive doctrines. I do not know all the circumstances, because I have not been a member of the police commission since 1921, and I do not wish in any sense to criticize the later commission who did their duty. They were dealing with a different time, a different state of affairs, and a different set of facts; they were faced with unrest in the country; their action may have been right or wrong. But I will say this, that under the British constitution we are supposed to have free parliaments, a free press, the rights of free speech and free assembly, and the blessings of Magna Charta. None of these things, in my opinion, exists in Canada to-day. Does Magna Charta exist in Canada to-day with imprisonment for debt; people imprisoned because they cannot find work; rights of property abolished; and youth cast into gaol because they go about the country seeking work, whose only fault is that they cannot find it? Yet we sit here and do nothing about the matter. What we should do is to remove the principal cause of communism, namely, unemployment and cure our social and domestic disorders in the state. Tens of thousands of our Canadian people are suffering untold hardships, many of them suffering privation such as has not been known since the failure of the potato crop in Ireland. Within almost a stone's throw from this building such conditions of unemployment and want exist around us. Why does parliament not do something, instead of discussing a long list of bills and motions to change flags, to change the British North America Act, and to make it impossible for efficiency in the civil service to function by providing that one man shall speak English here, another man French there, German and Danish somewhere else and all that sort of thing, instead of selecting men from the standpoint of efficiency. These are the bills that are brought down in the name of Liberalism in this country, instead of measures to solve the problem of unemployment. I suggest that the government should do something tangible to put a stop to communism, and the first thing for them to do is to remove the evils that create communism, those forces from within and from without. If they do that, I guarantee that there will be no more communism or little of it in Canada.

I am not here to support or justify communism; in fact, communists have run against me many times. In my humble opinion, if the Postmaster General (Mr. McLarty) wants to pass regulations he should pass regulations to put a stop to the flood of United States magazines such as *Scribner's* coming in with slanderous articles against the king of this country. Let him put a stop to the inroads of United States papers; let him pay some attention to the radio speeches that are being made attacking British institutions. There have been attacks against the Chamberlain government and the Munich pact for some time in the United States. Hardly a United States newspaper supported the Munich pact apart from the Washington *Post*, the New York *Times*, the Cleveland *Plain Dealer* and a few others. They denounced Chamberlain

and peace. I say, put a stop to all these attacks upon the British empire, our king and our constitution. But these publications are coming in by tens, yes, and hundreds. I do not blame the Postmaster General; he has been in office only a few days and the barriers were let down in 1935. I know he does not believe in this sort of thing. In 1935 the regulations were changed by this government with the result that all sorts of cheap United States weekly and daily newspapers began to come across the border, newspapers attacking every institution that we hold sacred—Christianity, the church of God, religion, the British empire. These publications with their violent anti-British propaganda, are thrown on the news stand and you can buy them right in every Canadian city including the city of Ottawa.

But these attacks have been coming over the radio, too. Why, they have professors broadcasting. It used to be that an apple a day kept the doctor away; but with the radio came the professor and now it is, a professor a day keeps the unemployed away. The only reliable information we used to get from the "Heart of Empire" came over the radio through Mr. Beverley Baxter. He used to address the Canadian people over the radio, giving them the real facts of what was going on in England under the Chamberlain government, but he was stopped because he was the only man on the radio who criticized the silence of the north American continent, by which I mean the United States and Canada, during the Munich crisis. "Mum" was the word before and after Munich by Canada and the United States. Yet this propaganda continues to come over the radio, and agents and debaters are engaged and maintained to transmit this sort of thing on the international and Canadian broadcasts.

I repeat, let us remove the evils that make for communism and there will not be a hundred communists in Canada to-morrow. Let us abolish some of the great social cruelties and ills from which the people and workers of Quebec and Ontario, the two industrial provinces of Canada, are suffering and there will soon be an end to this evil of communism. In the second place, let us remove, by reforms, the evils that beset the British empire. Canada is assailed by foes from within and without. Our enemies within we know, and we must reorganize and act quickly. We have waited since 1921 for sickness and unemployment insurance, but it is not yet on the statute books. Hon. gentlemen opposite promised that if they were elected they would put such measures into effect within a month or two, but they have not done so yet. Let us reorganize and secure reforms from within the country. Let us revamp and reorganize our parliamentary system and bring it up to date so as to provide security more quickly for the working classes and some relief from the intolerable hardships which they are suffering at the present time. Many of them are being driven out of their homes. Let us reorganize our constitutional system, our cabinet system, our capitalist system, and lastly let us have some measure of law reform which will remedy the evils to which we are exposed both within and without. So far as our foes from without are concerned, we are exactly where we were in 1812. We are dependent on the mother country for protection on land and sea and in the air, and this $63,000,000 that is being provided will not amount to much.

Mr. SPEAKER: I would remind the hon. member that this is a bill for the purpose of amending the Post Office Act with a view to preventing the spread of communistic propaganda. I must ask him to confine his remarks to the purpose of the bill.

Mr. CHURCH: I think I have kept pretty well to the point, Mr. Speaker. I have been giving reasons why the act should not be amended, and dealing with the principle of the bill, namely, communism and its causes. I am opposed to any interference with the liberty of the subject or to contracting it in any way here. There is not much liberty left to-day. Does Magna Charta exist to-day, with imprisonment for debt without bail, and high-school children being driven to ride the rods in Canada, seeking work and being imprisoned for not finding it? I am absolutely opposed to any further infringement of the liberty of the subject whether it be under this bill or not. We learn from Green's history what conditions were like in his day in England. They were going to put George Stephenson in gaol when he was eighteen years of age because they said he was a communist and thought he was insane—he had perfected the steam engine which has done so much for mankind.

Clause 1 of this bill does not give us any definition of communism. Our Lord, the lowly carpenter, was a communist according to the meaning given by a writer to the word in the *Canadian Churchman,* a Church of England organ. The word "communism" was defined by the able rector of Christ church in Toronto and has a varied meaning. For instance, communism means, in some instances, anything that is for the good of the community or for the common good. In 1910, when the hydro-electric movement came in, Sir James

Whitney, Sir Adam Beck, and I were called communists and were described as nothing but "amateur anarchists" by Sir John Willison, an editor, because we wanted to preserve and reclaim the water powers of Ontario for the people of this province. It would have been well for the province of Quebec had the same thing been done there.

Mr. SPEAKER: Order. The hon. member is far from the subject.

Mr. CHURCH: This bill encroaches upon the liberty of the subject. It puts us back about two hundred years. It is proposed to give the Postmaster General power to make regulations. He may prohibit the sending of communist literature. I listened recently to a certain rector preaching on Sundays, and I heard him declare that some communist teaching is in the bible and some of it in the Anglican prayer-book. One of our Anglican rectors has told us that. I have no sympathy whatever with the doctrines of this third international, or of the communist party of Canada, or of such groups. But I have every sympathy with the principle of the liberty of the subject. I believe in the principles of Liberalism as they are understood in the old country, the old Cornish battle-cry. I believe the hon. member would do something far better if he would bring in something practical to help unemployment and solve our social ills in this country. For these reasons I cannot see my way to support the principle of the bill.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I ask my hon. friend's pardon if I speak in English in replying to him, because I desire to be understood by all the members of the house. In his explanatory notes he says:

> The purpose of this amendment is to enlarge the powers of the Postmaster General as to the making of regulations.

And for that purpose he would insert some words about communist literature. As a matter of fact, the postal law as it stands, and the regulations which have been enacted under that law, cover anything that might be objectionable; and I believe that what my hon. friend seeks to do, would, instead of enlarging these powers, have rather the effect of restricting their application to the particular doctrine described in his bill.

The law as it is at present is reproduced in the explanatory notes, and reads:

> 7. The Postmaster General may, subject to the provisions of this act,
>
> (d) make regulations declaring what shall and what shall not be deemed to be mailable matter for the purposes of this act . . .

And regulation 204 of the Post Office Department, which has been regularly published in the *Canada Gazette* and which is binding, reads:

> 204. If it be established to the satisfaction of the Postmaster General that any person is engaged or represents himself as engaged in the business of publishing any obscene or immoral books, pamphlets, pictures, prints, engravings, lithographs, photographs or other publication, matter or thing of an indecent, immoral, seditious, disloyal, scurrilous or libelous character, or in the business of an illegal lottery, so-called gift concerts, or other similar enterprise offering prizes or concerning schemes devised or intended to deceive or defraud the public for the purpose of obtaining money under false pretences, or in the business of selling or in anywise disposing of counterfeit money or what is commonly called "green goods," or of drugs, medicines, instruments, books, papers, pamphlets, recipes, prescriptions, or other things with the object or with the pretended object of preventing conception or procuring abortion, and if such person shall, in the opinion of the Postmaster General, endeavour to use the post office for the promotion of such business, or if it be established to the satisfaction of the Postmaster General that any persons are using, or endeavouring to use the post office for any fraudulent or illegal purpose, then, in any such case, it is hereby declared that no letter, packet, parcel, newspaper, book or other thing sent or sought to be sent through the post office by or on behalf of or to or on behalf of such person shall be deemed mailable matter.

Then regulation 205 prescribes:

> It is forbidden to post for delivery or transmission by or through the post any obscene or immoral book, pamphlet . . . or other publication, matter or thing, of an indecent, immoral, seditious, disloyal or scurrilous character. . . .

In short, anything that is subversive, seditious, that advocates the use of force for the purpose of bringing about any change in the government of Canada, is already prohibited under the regulations of the Post Office Department. This does not mean that some do not find their way into the mails, but as I stated, the regulations cover any literature of the kind described by my hon. friend, and cover more. They cover not only subversive literature coming from the communists but subversive literature coming from people who, under the pretence of fighting communism, are also circulating literature which is objectionable and is advocating illegality and other things.

I agree with most of what my hon. friend stated about communism and communists; I agree that we must combat such doctrines, especially the doctrine which is exemplified in the various writings which he has read to the house to-night. But the communists are not the only ones who have been using force to change governments in the world. They are not even the only ones who have circulated literature and committed acts against

religion, just as bad as those described by my hon. friend. Just before coming to the house to-night, I happened to put my hand on an article in the *Readers Digest* for February, 1939, entitled Nazi Scapegoat No. 2, and that scapegoat is catholicism. Perhaps some literature which is there described would be just as objectionable to my hon. friend as that of the communists. For instance, when they speak of "Roman internationalism, the ally of communism;" when the *Angriff*, which is a very important paper, sneers at the "abnormal alliance between the clergy and Marxism", and when the *Völkischer Beobachter* speaks of the "criminal attitude" of the Catholic church and its Muscovite ally—well this as far as possible is all barred propaganda, and we ought to do our best to prevent it from being circulated or carried on in Canada.

I am getting reports from pretty good sources, reports which do not go to everybody, and I may say that there is literature propagated in Canada which comes from other than communist sources which as far as possible we would like to check the circulation of in this country. The trouble is that even with the best postal regulations this is a difficult matter to control. For instance, under their regulations the postal authorities do not open what is called first class mail matter, letters and so on; and I think hon. members of this house would be opposed to giving power to any minister to open private letters just because there might be some suspicion that there was something objectionable in them. I know by experience that much of this objectionable propaganda is being sent in sealed letters. Only a couple of months ago a gentleman brought me a letter which had been addressed to him, enclosing a very, very objectionable piece of propaganda literature, at the end of which was not the anvil but rather what the late head of Christianity described as a hooked cross which was not the cross of Christ.

I repeat, Mr. Speaker, that the postal regulations are sufficient in this regard. I know that in some quarters the mere fact that I do not accept my hon. friend's bill will be branded as a friendly act on my part towards communism, but I say the bill is more restrictive than the regulations are to-day. My hon. friend sent a copy of his bill to the premier of Quebec, and of course I find no fault with that. My hon. friend received that gentleman's blessing for the introduction of the bill, and with that also I find no fault. But in his letter, which he took care to publish in the press, the premier of Quebec attacked the federal government. With that I find no particular fault, either, because we are accustomed to it; but he said he could not understand why this government had issued passports to communists who went to fight in Spain. This is not true. In 1937, as the house remembers, this parliament enacted the Foreign Enlistment Act, which made it a crime for any Canadian to go and fight on either side in the Spanish conflict or for anyone to recruit for either side. When that act was passed, an order in council also was passed prohibiting the issuing of passports to anyone for travel in Spain. As a matter of fact, all passports issued during the last two years contained that exception, reading as follows:

Not valid for travel to Spain, the Balearic islands, the Canary islands, and towns and territories under Spanish sovereignty in Africa.

No doubt some of the twenty odd thousand people to whom passports have been issued each year by the Department of External Affairs found it possible to go to Spain, but not because of their passports. They went there illegally, and just in passing I may add that I know of someone who certainly was on the other side of that conflict, who found a way to get to Spain without having a passport permitting him to do so. But how could the government control that? More than that, in the Foreign Enlistment Act, which made it a crime for a Canadian to enlist or recruit for enlistment in the armies of either side, there were provisions for penalties. All these were put under the sections of the criminal code. Under the law as it is now, if crimes were committed because of that Foreign Enlistment Act, the British North America Act—and I hope I shall not get on the nerves of anybody by mentioning that act—provides that it is the attorney general of the province who must put into execution any penalties of this kind. So perhaps this will give food for thought to those who criticize us in this matter.

Under the circumstances, sympathizing as I do with the purpose which my hon. friend has in view, a purpose which, if such a bill were necessary at present, I would enlarge to apply to other forms of subversive propaganda in Canada, I do think this is unnecessary. In our laws we have all that is required to permit the control which could be exercised by the Postmaster General in this regard.

TRADE AGREEMENTS

CANADA-UNITED STATES—CONTINUATION OF DEBATE ON MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

The house resumed consideration of the motion of Mr. Mackenzie King that the house

go into committee on the following proposed resolution:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, I am sorry the Prime Minister (Mr. Mackenzie King) is not in his place to-night because I have a few statements which I should like to make in his hearing; but I trust some of his colleagues will bring them to his attention in *Hansard*. During the address made by the Prime Minister on Tuesday, February 14, referring to myself he said:

What was the nature of the remarks of the hon. member for St. Lawrence-St. George respecting a trade agreement with the United States, when he spoke in a previous debate of the present session? The hon. member has a number of pet aversions. I believe perhaps one of the strongest is his dislike of the United States, and particularly in those matters which relate to trade. He said in the house, and has said repeatedly outside of it, that there is no use in Canada trading with the United States, because we will always get the worst of it; in some way or another there is, he believes, an influence at work in Washington which makes it impossible for Canadians to protect themselves in the matter of their own interests.

These statements are without excuse. The last statement made can have an application only to one statement which I made in this house and one which I made outside the house, to the effect that the statutory restrictions placed upon the president by the congress of the United States in the matter of the negotiation of trade agreements rendered it impossible for the negotiators of the United States to concede fair and equitable terms to the negotiators of any other country when negotiating trade arrangements with the United States. That is the only reference which I have made upon which that interpretation could possibly be placed, and it is entirely incorrect.

I assume the Prime Minister has recently taken sufficient interest in me to read some of the speeches which I have made on former occasions. There is no doubt that I have aversions. There are few men in public life who are utterly devoid of them. One of my aversions is the conduct of the Prime Minister when he prepares for a general election. In private life and in public life, when there are no elections, he is undoubtedly personally worthy of high esteem and is usually an honourable political opponent. But in an election campaign, or in preparation for one, his imagination is unrestrained, and the creative faculty of his mind is engaged chiefly in drawing erroneous inferences and in presenting biased and mischievous interpretations of the public utterances of his political opponents. Until recently I was not convinced that an early election was pending, but the Prime Minister's address on Tuesday last has served to convince me that he is now eagerly preparing for another political campaign of passionate propaganda.

I have no hostility to or dislike of the people who compose the great nation known as the United States of America and, so far as I can remember, I have never expressed one word of hostility to them or to their educational, cultural or political institutions. I do not believe that the Prime Minister can cite any such expression of mine. But during the past sixty years I have had occasion to discuss with some fervour the pronouncements and propaganda of some of the Washington politicians and the tactics they have pursued, not only toward Canada but toward the British commonwealth of which Canada is a member. On two occasions only, so far as my memory goes, I have in courteous but emphatic terms criticized the efforts of two presidents of the United States, one Democratic and the other Republican, to draw the boundary lines of British territory and to maintain those boundaries by threatened military and naval force.

The right hon. gentleman was perhaps a college student at Toronto when the Venezuelan boundary controversy arose and was not as deeply stirred by the events of that time as were Canadians of my age and older. I was in British Guiana for several months in each of the three years in which that controversy raged. It arose over the British claim to ownership of Barima point, at the eastern bank of the mouth of the Orinoco river. If one bank at the mouth of the river was British and the other bank was, as all admitted, Venezuelan territory, then under international law the navigation of the Orinoco river was free to the traffic of vessels of all nations. The issue was of special interest to the republic of Colombia, because if the British contention prevailed the vessels of Colombia could steam without permission from Venezuela up the Orinoco river and then up the Meta river, which was a branch of the Orinoco, to a river port from which there was in that time an old Spanish road to Bogota, the capital of Colombia, less than ninety miles away. Venezuela claimed both banks of the Orinoco and the right to close that river to commercial navigation and transport.

In December, 1895, President Cleveland in a message to congress declared that it was

incumbent upon the United States of its own initiative to appoint a commission to draw the boundary, regardless of the British contention. It was in that connection that Secretary Olney declared that 3,000 miles of ocean "make any permanent political union between a European and an American state unnatural and inexpedient." His whole reference was to the situation in Canada. He contended that:

> The United States is practically sovereign upon this continent and its fiat is law upon subjects to which it confines its interposition.

He contended also that this fiat reached north of the great lakes and the 49th parallel of latitude. It was then that President Cleveland and his secretary of state brought us to the verge of war with the neighbouring republic. Although I undoubtedly criticized and even condemned their claim to trace boundary lines for a British colony in another continent, I made no reflections upon the people of the United States.

Again, a few years later, there was a time when I criticized very freely the conduct of another president of the United States who threatened to draw another boundary line between British Columbia and Alaska. I happened to be in London in October, 1903, when the decision of the Alaskan boundary tribunal was rendered, and it became known in circles close to the British government that Lord Alverstone, the chief justice of England, who sat with two eminent Canadians as the British members of that tribunal, had within a few days of the date of that decision apparently changed his point of view under political pressure from the British government in order to avoid a threatened expedition into Canada by the military forces of the United States.

Older members may recall that Canada's claims with respect to the Alaskan boundary line were declared by President Theodore Roosevelt to be "an outrage pure and simple" and that the Canadians "acted in a spirit of bumptious truculence." The president was even reported to have suggested that north America should thereafter be "inhabited exclusively by citizens of the United States." Although the president had signed an arbitration treaty providing for the appointment as arbitrators of "six impartial jurists of repute," the Canadian public entertained no illusions as to the political prejudices of the three men whom he did appoint. When I was in London in October, 1903, it was alleged that President Roosevelt had notified the British government, through the United States ambassador, that if the boundary line, which the boundary tribunal might thereafter establish, was not in accord with his personal views he would send into Canada a sufficient military force to draw the line as he saw fit. That correspondence has not been published, if it ever took place; and evidently if it did take place, it was excluded from the state papers of the United States.

But after the president had signed this arbitration treaty, we now know that Mr. Justice Oliver Wendell Holmes, being then in London on a holiday, received a personal letter from President Roosevelt with a request that it be shown privately and unofficially to Mr. Joseph Chamberlain, then colonial secretary. That letter as published subsequently, contained the following:

> But if there is a disagreement I wish it distinctly understood, not only that there will be no arbitration of the matter but that in my message to congress I shall take a position which will prevent any possibility of arbitration hereafter; a position I am inclined to believe, which will render it necessary for congress to give me authority to run the line as we claim it, by our own people, without any further regard to the attitude of England and Canada.

Mr. SLAGHT: Mr. Speaker, I rise to a point of order. The hon. gentleman is speaking to a motion for the approval of a recently made trade treaty. I submit that when he is going back forty-five and thirty-eight years and raking up the old bones of disagreement between our neighbours to the south and Canada and the empire over matters territorial, he is entirely out of order.

Mr. CAHAN: Mr. Speaker, I submit that there is no point of order. I am reviewing an address of the Prime Minister, in which he undertook to lay before the house the background of certain negotiations, and I am not exceeding the limits to which he went in making a personal attack upon me with regard to some former speeches which I had made.

Mr. SLAGHT: I ask for a ruling, Mr. Speaker, on the point of order I raised. My point of order is simply this—

Some hon. MEMBERS: Order.

Mr. SLAGHT: —that to discuss territorial differences is not dealing with the trade treaty.

Mr. DEPUTY SPEAKER: With regard to the point of order raised by the hon. member for Parry Sound (Mr. Slaght), while perhaps technically he may be right, I would hesitate to call the hon. member for St. Lawrence-St. George out of order because in this debate there has been allowed a wide latitude. Therefore I think the point of order is not well taken.

Mr. SLAGHT: He is taking a grave responsibility, Mr. Speaker.

Some hon. MEMBERS: Order.

Mr. CAHAN: The fact also became known, Mr. Speaker, at that time that the president of the United States had established in the district of Alaska a special force which could have been used for that purpose. The Prime Minister may have retained in his scrapbooks some of the speeches which I made regarding the two events I have mentioned, but I said nothing which, with later knowledge of the facts, I now wish to withdraw, and nothing that reflected upon the people of the United States whom, in making any criticisms, I have always distinguished from some of their political leaders and their political representatives.

There was another incident—

Mr. MACKENZIE KING: Before my hon. friend leaves this one, may I ask, does he approve of Lord Alverstone's action in the matter?

Mr. CAHAN: I am not approving or disapproving, but I certainly am disapproving, as I did then, of the intimidation attempted by the President of the United States. The Prime Minister knows as well as I do that a great deal of feeling was aroused in Canada by the action of Lord Alverstone.

Mr. MACKENZIE KING: Yes, against Lord Alverstone.

Mr. CAHAN: Yes, but when the fuller facts became known there was a great deal of feeling in Canada with respect to the intimidation which the President of the United States had, in a covert manner, attempted to exercise upon the British government.

Mr. SLAGHT: Shame.

Mr. CAHAN: I was going to give another incident, but in view of the objections of my hon. friend, who apparently needs a little information with regard to the political history of this country, I shall simply say that I returned from London to Mexico in November, 1903, when the secession of Panama from Colombia occurred. I shall not enter upon a discussion of the events connected therewith save to state that subsequently, during the administration of President Wilson, when a treaty was drawn up for the payment of $25,000,000 damages to Colombia out of the Washington treasury, Mr. Roosevelt himself published an article in which he said:

> The proposed treaty is a crime against the United States. It is an attack upon the honour of the United States, which, if justified, would convict the United States of infamy.

The Prime Minister in his address on the 14th instant, stated that the late Conservative government were divided in opinion as to the merits of the trade treaty which was offered by Mr. Cordell Hull in 1935. I certainly know of no such division. We were all in favour of a fair and equitable agreement. We were unanimous in our opinion that the terms offered by the government of the United States were not fair and equitable and not satisfactory to the Canadian public, and those terms, I submit, have not since then proven satisfactory, as we have clearly disclosed to this house, although a desperate effort is now being made to create the illusion in the minds of the Canadian people that grave sacrifices by our domestic producers of their markets in Great Britain will serve to appease competitive producers in the United States, and in some mysterious way make for world peace.

The covert criticism which the Prime Minister makes of my attitude with respect to trade treaties with the United States is really of no personal concern to me, because I think, in the constituency which I represent at least, my views have been clearly stated and are well understood. But I remind the Prime Minister that personally I consistently hold with certain leaders of the Liberal party to whose opinions my right hon. friend in former days gave due weight. Sir Wilfrid Laurier, speaking in this house on July 31, 1903, said:

> The best and most effective way to maintain friendship with our American neighbours is to be absolutely independent of them.

And on May 7, 1907, at the imperial conference, Sir Wilfrid Laurier was quoted as saying:

> There was a time when we wanted reciprocity with the United States, but our efforts and our offers were put aside and negatived.

And again in 1910, the late Right Hon. W. S. Fielding, then Minister of Finance, in his budget speech used these words:

> We had had negotiations from time to time with our American friends in relation to better trade conditions, and they had not turned out very successfully. We had, after repeated efforts, taken the ground that we should not again approach the United States with proposals for betterment of our trade relations, and that, if the matter was to be reopened again, it should be reopened, not upon the initiative of Canada, but upon the initiative of the United States.

When, in 1911, it was proposed that each country should make corresponding reductions of duty of a temporary nature, a letter was written on January 21, 1911, by Messrs. Fielding and Paterson, the Canadian representatives, to Secretary of State Knox, in which they say:

> It is agreed that the desired tariff changes shall not take the formal shape of a treaty, but that the governments of the two countries will

use their utmost efforts to bring about such changes by concurrent legislation at Washington and Ottawa.

And again, in that letter, Messrs. Fielding and Paterson declared:

Nevertheless, it is distinctly understood that we do not attempt to bind for the future the action of the United States congress or the parliament of Canada, but that each of these authorities shall be absolutely free to make any change of tariff policy that may be deemed expedient.

That indicates the nature of the trade agreement which was subsequently laid before the parliament of Canada. Mr. Secretary Knox replied:

I take great pleasure in replying to your statement of the proposed arrangement. It is entirely in accord with my understanding of it.

There was nothing of a permanent nature in that agreement, because it could be rescinded in whole or in part by the United States without notice at any time, and upon that unsatisfactory feature the Conservative opposition was at first based. Mr. Fielding presented the result of his negotiations to parliament on January 26, 1911. But Canadian sentiment was aroused, when on February 14, Mr. James Beauchamp Clark, democratic leader in the House of Representatives, declared in that house that he was in favour of the bill, framed to carry the proposed agreement into effect. He said:

I am for it because I hope to see the day when the American flag will float over every square foot of the British North American possessions, clear to the north pole. . . . I have no doubt whatever that the day is not far distant when Great Britain will joyfully see all her North American possessions become part of this republic.

Two days later, on February 16, Congressman Bennet of New York presented a resolution requesting the president—

to enter upon and prosecute from time to time such negotiations with the British government as he may deem expedient for the annexation of the Dominion of Canada to the United States of America.

Mr. LAPOINTE (Quebec East): When was that?

Mr. CAHAN: That is on February 16, 1911, two or three weeks after that so-called agreement was introduced by Mr. Fielding to the parliament of Canada.

Congressman Bennet then declared in an interview that:

The sentiment for the annexation of Canada is practically unanimous in this country.

The Prime Minister speaks of the opposition of the Conservative party at that time to the treaty. That opposition was engendered by such statements as those I have quoted.

As the politicians and press of the United States expounded their view as to the prospective annexation of Canada, public opinion against the agreement hardened in Canada, until on April 27, in an address at New York, President Cleveland distinctly raised the alternative issues: reciprocity between Canada and the United States, which Washington politicians proclaimed as a preliminary to annexation, or Canada's adhesion to a scheme of inter-imperial preference.

President Cleveland, in his famous "Parting of the Ways" speech said:

I have said that this is a critical time in the solution of the question of reciprocity. It is critical, because unless it is now decided favourably to reciprocity, it is exceedingly probable that no such opportunity will ever again come to the United States. The forces which are at work in England and in Canada to separate her by a Chinese wall from the United States and to make her part of an imperial commercial band reaching from England around the world to England again by a system of preferential tariffs, will derive an impetus from the rejection of this treaty, and if we would have reciprocity with all the advantages that I have described, and that I earnestly and sincerely believe will follow its adoption, we must take it now or give it up forever.

And President Cleveland proceeded to declare:

The amount of Canadian products, that we would take, would make Canada only an adjunct of the United States. It would transfer all their important business to Chicago and New York, with their bank credits and everything else; it would increase greatly the demand of Canada for our manufactures.

It was such references as those to the proposed arrangement, made in the United States and even by the president of the United States, which awakened a strong reaction in Canada, and these statements were followed by innumerable others.

Senator McCumber declared that:

Canadian annexation is the logical conclusion of reciprocity with Canada.

Hon. Samuel McCall of Massachusetts declared that under reciprocity:

The inevitable day will be more quickly reached when the two countries will be politically one.

Congressman Prince of Illinois, said:

Be not deceived. When we go into a country and get control of it, we take it.

Senator Cummins declared:

I am for the annexation of Canada.

Representative Madden of Illinois expressed the hope that:

Canada may become a part of us, as it should be.

While James J. Hill, the railroad magnate, rejoiced that:

Reciprocity will stop the union of the British empire.

From the date of President Cleveland's "Parting of the Ways" speech, the views of the Canadian people became more definitely crystallized, and by reason of the issue which the leading United States politicians had then raised, the decision of the people of Canada became inevitable. Later, under the Underwood tariff, which came into force in October, 1913, and continued during the period of the war, exports from Canada to the United States increased considerably; but the United States emergency tariff of May, 1921, followed by the Fordney-McCumber tariff of September, 1922, reduced our exports of farm products by more than one-half. The government of the present Prime Minister, which had assumed office in December, 1921, were unable to do anything to overcome these disadvantages, and they frankly confessed their inability.

In the budget debate of 1923, the late Hon. W. S. Fielding, then finance minister in the cabinet of the right hon. gentleman opposite said:

The congress of the United States, in the exercise of its undoubted right, has established what is commonly called the Fordney-McCumber tariff, which is largely a high tariff, and which we realize operates to the disadvantage of Canada. Any desire that we may have towards modification of our tariff is naturally held in check by the high tariff of the United States.

And he added that when the opportunity offered—

—the Liberal party stands for reciprocity with the United States when we can get a fair and reasonable agreement.

That has always been and is now the attitude of the Conservative party in Canada. Towards the close of the debate, on May 23, 1923, the right hon. gentleman opposite, who is now Prime Minister, used these words:

What is the position with regard to the United States? Since the Liberal convention was held, there has been enacted by the United States a much higher tariff than ever before existed between Canada and the United States. The Fordney-McCumber tariff, so-called, to-day is operating to the disadvantage of Canada. Is there any member of this house who will stand up in his place and say: Notwithstanding that obvious fact we think we should throw down our bars against the United States and give them an opportunity to come in here and affect our industries in a manner even more seriously than they have already been affected?

The obvious answer was "no"! But the Prime Minister continued:

I think our American friends will come to see that if, as a result of their—and it is their own business, of course—if as a result of their action Canada is going to seek and obtain new markets in which to buy and sell in Britain, new markets in France and new markets in Italy, is going to develop a reciprocal trade and effect agreements with Australia and possibly other countries as well, if they begin to see that in all these directions we are striking out into and creating new lines of commerce, and that we can manage very well as we are, I am inclined to think that that line of thought, quicker than anything else, will bring about the change which my hon. friends of the Progressive group opposite hope may come.

The present Prime Minister adhered to that attitude until June, 1930, when, while he was still in office, the United States congress enacted the Hawley-Smoot tariff, which practically prohibited Canada's exports of Canada's farm products to the United States, and brought this country to the verge of economic and financial ruin. That Hawley-Smoot tariff reduced in one year our total exports to the United States from $515,000,000 in the fiscal year ending March 31, 1930, to $350,000,000 in the following fiscal year. The United States congress enacted the Hawley-Smoot tariff against our products, although during the five fiscal years ending March 31, 1930, United States exports to Canada exceeded our domestic exports to the United States by $1,296,000,000.

The right hon. gentleman spoke of what he alleged to be my strong dislike of the United States, particularly in trade matters. Let him now tell parliament of his consternation and of his personal opinion of the United States in respect of its treatment of Canada in trade matters when the Hawley-Smoot tariff was under consideration and when it was finally enacted early in 1930. Early in 1930 I made the strongest speech that ever I made in my life against the United States conduct of its trade policy with respect to Canada, and I made it at Washington at the invitation of the United States chambers of commerce before 1,500 to 2,000 representatives from every part of the United States; but before I made that address I regarded the time as so critical that I endeavoured to obtain from two persons very close to the government of the day an opinion as to whether I was using too strong language in making that speech. That was before I went to Washington, and I was assured at that time that at least I was not prejudicing in any way the relations which then existed between the government of that day and the government at Washington. In fact, I think I received official approval of the speech before it was uttered.

Obviously, when the Bennett government came into office—the government of which the leader of the official opposition (Mr. Manion) and I were members—something had

to be done. Obviously, when the United States had raised their tariff sky-high; when the Hawley-Smoot tariff had prohibited all our farm products from entering the United States at a time when they had in five years $1,296,000,000 of an excess of their exports to us over our exports to them, it was absolutely necessary to take some action to stop that continued importation from the United States which was destroying our financial credit and reducing the value of our dollar to a very low rate.

The Prime Minister suggested that there was some maladroit action on our part, in that we raised at that time the general tariff which then applied to the United States. We did raise it; we raised it with the clear intention of diminishing that great, excessive export trade to this country which the United States then enjoyed; and then we took the other alternative of negotiating trade arrangements at the Ottawa conference of 1932, trade arrangements with Great Britain and with the other British dominions, in which any loss of our export trade to the United States was made up by the splendid increases which have taken place in our exports to these wider British markets, which are now threatened by the policy of the right hon. gentleman.

Mr. MACKENZIE KING: May I say one word to my hon. friend before he concludes. He mentioned a moment ago that I had made a personal attack upon him and that his speech this evening was a reply to that attack. I assure him at once that there was nothing in the nature of a personal attack upon him. I did exactly what he did when he was speaking about me in the course of a previous debate. My hon. friend, in referring to what he alleged was my desire to appease the United States talked about my capricious infatuation—

Mr. CAHAN: I quoted what the right hon. gentleman said.

Mr. MACKENZIE KING: —and my illusive infatuation, again referring to the United States. I replied, when I spoke, by making mention of the United States as his pet aversion. We were simply exchanging compliments, I take it.

Mr. CAHAN: I hope the right hon. gentleman will withdraw his remarks in view of what he has now said.

Mr. R. J. DEACHMAN (Huron North): The speech to which we have just listened from the hon. member for St. Lawrence-St. George (Mr. Cahan) ought to make us feel at least grateful for some things. We ought to be thankful that God has given us the power to forget. It would be indeed the greatest conceivable tragedy if all the dark bickerings of a past age should be carried in the mind of every person, and if after fifty years we should be able to rake over the old coals and set ourselves burning with a desire to promote new antagonisms in the different age in which we live.

I remember that Venezuela incident. I remember also the Fashoda incident in which we had a little trouble with France. But I am not forgetting that some years after the Fashoda incident we stood side by side with the people of France in a great fight for democracy. Perhaps a repetition of that may happen, and we may now be joined with those with whom we differed decades ago in the trifling incident about a few bars of sand in Venezuela.

But I am not going to direct much effort to the speech just delivered by my hon. friend. I congratulate him, however, upon one thing; he did not state definitely his opposition to reciprocity, as did his leader. Thus he did not give me the opportunity to reply to him as I intend to reply to the distinguished gentleman who is now the leader of the opposition (Mr. Manion).

The object of economic man is to improve his lot by increasing his production. In order to increase his production he must bring influence to bear upon the factors of production. The factors of production are land, labour and capital; and unless you can do something to increase the productivity of the land, the efficiency of labour or the reproductive power of capital, you will not increase your production. I venture to suggest that there is no one here to-night who will say that a tariff—and a high tariff at that—will help to improve the productivity of the soil. I have seen many times in western Canada when one trifling little shower of rain was worth all the tariffs which have ever arisen on earth since Adam quarrelled with the food controller down to the present day.

I recall one time a United States senator saying that the man who made two blades of grass grow where one grew before or two drops of water flow where one "flew" before was a benefactor of the human race. But the tariff will not help. Will a tariff increase the efficiency of labour or the activity of capital? No, it will not. No one will work harder or better—yes he may work harder, but he will not work more efficiently, because he works with dull tools. Nor will it increase the productivity of capital, because where tariffs are applied you get misdirected capitalistic effort. I could name items by the score to which that has happened. I give only one.

We have been for some time importing dates from Mesopotamia. Then it occurred to Mr. Bennett, when he called a special session for the purpose of increasing tariffs, that if he were to put a tariff on pitted dates, he could build up in this dominion an industry for the pitting of dates, and thus give employment to the Canadian people. So these dates in their unpitted state were carried across the Mediterranean sea, past the gates of Hercules, beyond the pillars of the grey Azores, across the foaming billows of the Atlantic and up the St. Lawrence—stones and all,—and finally were landed in Canada. Then they got people to pit them, and in order to promote the pitting of dates, a great industry for the Canadian people, they put on a duty of 2½ cents a pound. The difference between the price of pitted and unpitted dates, if we import them in the normal way, was ½ cent a pound. So the people of Canada were asked to pay an extra 2 cents a pound for dates in order that they might have the great and glorious privilege of consuming dates which had been pitted in the Dominion of Canada. What a wonderful effort for statesmen busy solving the problem of unemployment!

I am not going further into this matter to-night; I merely desired to show what are the factors of production, and to add this one word: In addition to production you must have freedom of exchange, because then you are able to harvest the benefits which result from differing conditions for production in different sections of the world.

I turn now to some of the statements made by my hon. friend the leader of the opposition. I think they are particularly interesting. No. 1: This treaty makes for greater competition for our industries, which are very much the same as those of the United States. What does that mean? Our friends suggest that these industries should not have competition, and, not having a larger measure of competition will be able to charge higher prices to the consumer. I want to tell hon. members now what the western producer of wheat pays. The Searle price index of 147 items that western farmers buy now stands at 133 on the basis of 100 for 1913-14, which means that those items cost the farmers of the west at the present time 33 per cent more than they did before the war. The price of wheat, No. 1 northern, as of February 15, open market basis, is 30 per cent lower than it was in 1913-14 or, on board price base, 10 per cent. This means that a bushel of wheat in western Canada has, in relation to the commodities the farmer buys in the open market, a purchasing power of 46 in comparison with a purchasing power of 100 that it had before the war. On the basis of the board price its purchasing power is 68 per cent of what it was. Taking the average price of Canadian farm products we find that on the basis of 100 in 1926 it has slipped to 48·4 in 1932, while manufactured goods dropped to 69·8. And in 1939 the index number of farm products is 64·8, but the price of manufactured goods is 73·5.

Now, Mr. Speaker, I ask this question: Recognizing these facts; recognizing the position of the farmer in Canada; knowing something of the struggle through which he went during a period of depression, and realizing that he is not yet out of that condition, would a man not need to have considerable nerve if he tried to retain a high tariff so as to permit the manufacturing interests of this country to hold up the prices of manufactured goods, when it is admitted that nothing can be done as far as the price of farm products is concerned?

My hon. friend the leader of the opposition some years ago, speaking in the house, said, "Trade is war." And it is cruel war against the farmer when it comes to a condition like that. General Sherman said, "War is hell." The late Mr. Euclid, whom I met in my old days at school, said that "things which are equal to the same thing are equal to one another." So that in the judgment of Mr. Euclid we would have to put it in this way: Trade is hell. Therefore my hon. friends to the left will not have anything to do with it, and they still keep up the same conception which they had back in 1930 when my hon. friend gave utterance to those words.

Then we are told, as No. 2, that it affords concessions to thirty-one favoured nations which give nothing in return. I am curious about that. When these nations negotiate treaties they will give us something in return, and at the same time these countries which gain from the agreements are countries with which we have done a very large measure of trade. I wonder if my hon. friend is aware of the fact that to foreign countries outside the United States, outside the British empire, in five years before the depression we sold $1,300,000,000 worth of goods. Surely that is a substantial market for Canadian goods.

Then item No. 3: My hon. friend says it brings unfair competition from favoured nations, such as Japan, Germany, Italy. Well the hon. gentleman is always talking about a favourable balance of trade. One of our largest balances of trade is with Japan. In 1937 we sent to Japan $21,000,000 worth of exports and brought back $4,790,000 worth of imports, and the figures are even larger this year. There we have the perfect ideal of Tory trade; we have a favourable balance,

and that is true in regard to a number of the other favoured nations with which this treaty will help us expand our trade.

But I am delighted with No. 4: "It is the beginning of the destruction of the whole British preferential system for which we have been struggling since 1897." Well, they struggled against it in 1897, so they have not been keeping up a very consistent struggle. The British preference will be able to stand, no matter what may happen. We are not destroying it; we are modifying it. There is a marked difference between destruction and modification. But may I point out that Canada needs the world for a market. It cannot do without it. In 1938 the British empire took approximately 50 per cent of our products, which means that 50 per cent of our products had to be marketed somewhere else. The people of Canada cannot afford to confine their trade to half the nations of the world. They need every market they can get.

Then in No. 5 the hon. gentleman suggests that this cuts into the British market, which he says is our best market for wheat, fruits, lumber and so on. I have grave doubts as to the accuracy of the prophecies of these hon. gentlemen. They were wrong in 1911; they were wrong in 1936, when we brought in the other reciprocity treaty. I recall hearing man after man tell of the ruin that would follow the introduction of the provision permitting duty free imports up to $100. It was going to wipe out the merchants along the border. But I am not going to deal specifically with these items to-night, because they were dealt with very carefully this afternoon by my hon. friend the Minister of National Revenue (Mr. Ilsley).

Now I come to No. 6:

> It injures our Canadian traffic and damages the transportation system, railways, steamships and so forth, sending traffic north and south instead of east and west.

I want to make this suggestion to my hon. friend the leader of the opposition or to any other Conservative or Liberal in the house. Look at the earnings of the Canadian railways; the report can be found in the Canada Year Book. Look at the imports from the United States. Select to your own satisfaction the four years during which our imports from the United States were largest and the four years when they were lowest in recent years, and I will tell you what you will find. In the four years when our imports were highest our railway earnings were highest, and in the four years when our imports were lowest our railway earnings were lowest. But these boys never learn anything. Of course they suggest this is merely a coincidence, but if that coincidence occurs all down through our economic history I wonder what the hon. gentlemen will have to say. If, looking over this house to-night, I noticed a number of gentlemen who had very beautiful heads of hair and knew they were using herpicide, I think I would use herpicide too. I would not think it was a coincidence. But my hon. friends can look at the records of the facts, can stare them in the face, and the only result is that they intensify their drive in the opposite direction. They think the more emphatically they state their claim that our railways will be ruined by imports, in some way eventually some people will come to believe it.

Another argument is that this treaty gives too much in return for too little. Well, what does that amount to? Suppose it increases our trade by 10 per cent and increases the trade of one of the other nations by 25 per cent; we would still be 10 per cent better off than if we accepted the advice of our friends and voted against the treaty. But they seem to have the idea that if it does not benefit all equally it should not be supported. That is a most preposterous suggestion.

Then it is said that we shall lose revenues through the elimination of the 3 per cent excise tax. The 3 per cent excise tax was first applied in 1932. Speaking in this house at the time Mr. Rhodes said:

> I have not the slightest hesitation in saying to my right hon. friend that the government is not wedded to it, other than as a necessity of the moment, as a means of taxation.

Later on Mr. Bennett came along, and what did he do? He was not wedded to it at all, because in April 1934, he cut it in half as far as British imports were concerned and in 1935 removed it from those imports altogether. In those circumstances I wonder if it is not fair to say that if Mr. Bennett had been given the chance, eventually he would have removed it entirely. At least I hope he would have done so, and I am sure he would unless he were persuaded to the contrary by the hon. gentlemen to my left who now hold the view that no tax may be reduced under any circumstances unless they are given the opportunity to do it.

Then my hon. friend said the treaty would probably increase unemployment through greater competition in industries such as coal mining, manufacturing, and so on. Let me say to my hon. friend that time will write that record. In fact, time has already written it. My hon. friends have tried their method of solving the problems of the country, and it has not succeeded. We have succeeded in proving that there is at least some hope for

us when we go in this direction, and we propose to go a good deal further than we have gone as yet.

Some hon. MEMBERS: Oh, oh.

Mr. DEACHMAN: Oh, I am not speaking for my hon. friend at all; he can speak for himself.

Mr. CASSELMAN: Nor for the government?

Mr. DEACHMAN: For the people of Canada, for the people whom I represent, for the people who want it and know we are going to get it.

That brings me to a very interesting point. Referring to the Americans, my hon. friend said:

> Third, they are shrewder traders than we are. I had the word "sharper" in my notes, but I do not like to use it because it might be taken as offensive—

Then he goes on to speak about the down-east Yankee and has this further word to say:

> I simply say, Mr. Speaker, that the United States cares for its own people when it is making a trade treaty of this kind.

I want to show how they are taking care of their own people. It is astonishing that in the House of Commons of the Dominion of Canada we should so frequently hear members speak with an attitude of extreme contempt for the Canadian people. Let me show what we have done as far as Canada is concerned. *The Economist* of December 3, 1938, said that the business recession in Canada was by no means as intense as it was in the United States. The monthly bulletin of the Cleveland Trust Company, written by Leonard Ayers, made practically the same statement. The last issue of the Bank of Nova Scotia bulletin stated that industrial production, factory payrolls, factory employment and revenue carloadings were distinctly higher in Canada than in the United States. That is in relation to the standard index. The only point at which the United States is temporarily ahead of us is in connection with building construction, where the enormous governmental expenditures of the United States have helped their progress to a certain extent.

What happened in regard to trade? Let us consider the index of trade in the two countries. Take 100 as the index number for 1929 in the United States and Canada. In 1932 the United States trade was represented by the figure 31. In Canada in that year, when our Conservative friends were in power, it was represented by an index number 42. In 1938 the United States index number was up to 59, while the Canadian index number had gone up to 79. I wonder what my hon. friends have to say about that? Are they not proud of their own record back in 1932 when the index number was down to 42, and do they not think they should express at least some appreciation for our efforts when we brought it up to 79?

My hon. friend the leader of the opposition was good enough to tell us that the United States was not a stable market in which to do business, but here again I want to point out that the hon. gentleman was wrong in his conclusion. In our trade with the United Kingdom we moved from an index of 100 in 1926 to 34 in 1932 and up to 80 in 1938. In our trade with the United States we moved from a figure of 100 down to 41 in 1932. We did not go down so far and our recovery was better. In 1938 we had come up to 88. Surely this is a satisfactory indication of the progress we are making so far as trade is concerned.

My hon. friend was good enough the other day to quote from *The Economist*. I want to quote from the same publication merely to show that it is rather dangerous to quote to this house one part of an article and then forget that in the same article there is a concluding part which alters completely what has been said before. My hon. friend made this quotation from *The Economist* of November, 1926:

> It is more questionable whether there will be a corresponding increase in British imports. Very few of the concessions made to the United States will result in any category of American goods being placed in a more favourable competitive position vis-a-vis the domestic producer. Most of the agricultural products affected are not grown in this country, or where they are, the domestic producer is already safeguarded.

My hon. friend quoted that, and he took it to be supreme condemnation of the treaty so far as the Dominion of Canada is concerned. But I want to read the concluding paragraph, and then I shall ask my friends if they are going to vote for this treaty, because I do not think they are. I quote:

> The immediate effect of the agreement is not to be measured in terms of a diplomatic reinforcement, still less of a strengthening of the military or economic defences, of either of the signatories. But its long-term effects in the purely political field can be negatively assessed by imagining the derisive joy in certain European capitals and the profound depression in others that would have been produced by a failure of the negotiations. To have brought to birth not merely an agreement, but such a good agreement, is a decisive act of economic statesmanship.

I ask hon. gentlemen behind the leader of the opposition what they are going to do when it comes to a vote upon this issue?

With utter irresponsibility I know they will certainly vote against it. But I ask them: If you were in power would you vote against it? Would you vote against it when one of the leading papers, a paper which was quoted by my distinguished friend, tells you that your action would be greeted by derisive joy in certain European capitals and profound depression in others, and that depression would be felt in the nations with which you are affiliated? Oh, yes, it is all right to do it when you think you can do it, and then go out to the people and show what you have done. But it is somewhat different when you face the realities of what it means not only to Canada but to the world. It is a good agreement; it is considered a decisive act of economic statesmanship. Perhaps I should not expect my hon. friends to agree with it.

But I turn to one more item, the famous balance of trade. My distinguished friend, the leader of the opposition, always wants us to have a favourable balance of trade with the United States. May I point out that during the last three years we have had a larger favourable balance of trade than ever before in all the history of our dealings with the United States. Not a word from them. Not a cheer. I want to point out that in 1912, 1913 and 1914 when they were in the seats of office, not only was there an unfavourable balance of trade, but it was the largest unfavourable balance that had ever existed between Canada and the United States. I have looked through the *Hansards* of those years; I have gone over the remarks of some of the distinguished gentlemen who were making history at that time, and I could not find a cheep from them. There was not even a flutter of a wing. Never can you find in the records of *Hansard* any discussion of the balance of trade when our friends are in office, not because the balance is favourable but because when they are at the helm all is well and they do not care.

I will tell them the remedy for any unfavourable balance. If they should have the misfortune to get back to office, I can tell them how they can straighten up this balance of trade. We import from the United States a great many products, such as rubber and so on which are not produced in that country. We also import a number of raw materials for our manufactures. A few of these are manila, sisal, raw silk, bauxite, coal, crude oil, raw cotton, rubber, and so on. I have figured out the total, which by no means covers all the items, as $106,582,000. Why do we buy those materials? What a strange thing for protectionist manufacturers to do!

[Mr. Deachman.]

They buy where they can buy the cheapest, just as ordinary people do. If they want to make my hon. friends happy, they should order them in some other country and pay larger amounts for hauling a greater distance. Most of these items are free or nearly free of duty, and they represent raw materials for our industry. What matter if we have an adverse balance? As far as that is concerned, Canada is capable of paying her debts; she always has been and always will be. What does it matter whether we buy in one country or another?

I should like to quote just one more statement which shows where we are going in regard to these things. This time I quote from the London *Spectator* of November 25, 1938. In discussing these treaties it has this to say:

> The fundamental value of the Anglo-American trade agreement lies as much in the sacrifices each country was ready to make as in the advantages it secured for its own traders—for till it is realized that every such negotiation must be based on the simple principle of give-and-take the attempt of each side to concentrate on taking must spell inevitable disaster.

That is the fundamental basis of negotiation. There must be giving and taking. If there is concentration upon the one factor of taking all for themselves, then the agreement on the day it is signed will contain in itself the seeds of decay—it will break down; it will not work out in practice. There must be a freedom and breadth of view. Alas I am sorry to say we shall not get that from my friends on the left. But we shall get it from those who are associated with me spiritually, although on the other side of the house. Then the article goes on to say:

> It means that the principle of modifying the Ottawa agreements of 1932 has been conceded. Ottawa, creating the British imperial zollverein of which Joseph Chamberlain dreamed, had good effects and bad. It increased trade within the empire. It to some extent decreased the trade and to a considerable extent increased the suspicions and antagonisms of states outside the empire, particularly the United States and Germany. Since then, and to some extent in consequence, Germany has developed a closed economy based on trade by barter, which makes the prospect of any beneficial commercial agreement with her remote. But that fact, unfortunate in itself, has had some favourable reactions, in producing the recognition among states which still prefer free interchange of the need for increasing trade among themselves. The Anglo-American agreement has gone far to meet that need, for through the operation of the most-favoured-nation clause it means that the tariffs of both countries are lowered not merely in relation to one another but to all countries with which they have signed most-favoured-nation treaties.

And finally:

> In what form and by what methods the Ottawa circle can be widened, with economic

consequences that would produce political results no less valuable than the economic, are matters for further thought. But Mr. Hull, Mr. Mackenzie King and Mr. Stanley have performed a service of no small value in turning the minds of all reflective men in that direction.

Please note that the suggestion is that it was turning the minds of reflective men to that solution of the problem.

The measure of a master is in bringing all men around to his opinion twenty years later. Well, I think if Sir Wilfrid Laurier could look down upon the scenes of to-day he would say that it was a little late. It is twenty-eight years since he made his great venture in bringing about better relations, wider trade, better feeling and a closer understanding between the two neighbouring nations. In making that estimate of twenty years Emerson, who wrote those words, was of course not familiar with the resistance of certain characteristically protectionist minds in the Dominion of Canada; but it is worth while to think that what we are doing to-day, though it may not be accepted now, will, in the fulness of time, with broader minds and deeper conceptions of human interest, bring at least even the most reactionary to a realization of the facts and enable us to establish better relations not only on this continent but throughout the entire world. And the world must be taken into consideration in the things we are doing. We shall be fair not only to those who are on this continent but to those on every continent, broadening our trade, expanding our effort, bringing about the betterment of the human race, a better standard of living and the establishment of broader conceptions in the world we are trying to build.

Mr. T. A. THOMPSON (Lanark): Mr. Speaker, I do not intend to follow the argument of my eloquent friend from Huron North (Mr. Deachman). We have been treated to this free trade lecture of his on so many occasions that it has become quite familiar to us.

I wish it to be clearly understood at the outset that I am not opposed to trade treaties with the United States or any other country so long as those treaties are mutually beneficial. I am thoroughly convinced that no trade treaty made with any country will have the slightest effect upon either country in case of war. Trade treaties were never consummated with the idea of making goodwill between nations. They are simply a cold-blooded business proposition. Trade treaties are very often objectionable not so much in themselves as in the unjust manner in which they are too frequently administered. This particular trade treaty lends itself to just that sort of abuse. It has as many holes in it as a sieve. I intend to deal with this trade treaty on a business basis, ignoring the assumption that it may affect in the slightest degree the relations between Great Britain or Canada and the United States.

This treaty covers so many classes of goods and such a variety of items that it is bound to have repercussions, the importance of which it is difficult to estimate until the treaty has been in operation for some time. Nevertheless it is quite apparent, upon even a casual perusal of its provisions, that Canadian industry and Canadian agriculture will be adversely affected, and that our preferences in the British market will be seriously impaired. And mark you, Mr. Speaker, it was not incumbent upon Canada to sacrifice the principles of empire economic unity to retain good relations with the United States because we already have them. To my mind this treaty displays an absurd idealism, and is the height of economic folly. It is too great a venture in altruism for a young country like Canada to take, and it was altogether unnecessary that Canada should make these concessions to retain Anglo-Saxon unity.

Let us look at a few of the provisions of the treaty. Take cattle, for example. The duty has been reduced from two cents to one and a half cents a pound, so that the average steer, weighing one thousand pounds, will now pay a duty of $15 entering the United States instead of $20. Now, $15 is a very high duty with cattle prices as they are on both sides of the line to-day. There is also a joker in this tariff—two of them, in fact. One of them is that only 60,000 head of cattle can be sent across into the United States in any three months. We know that in Canada our cattle are largely shipped twice a year. The stall-fed cattle go out in late winter or early spring, and the grass-fed cattle go out in the fall. The other joker is that the quota of 225,000 head of cattle is not Canada's quota but the maximum number of cattle that the United States government will permit to enter their country in any one year, and we just get a share of that quota.

What has happened already this year? This treaty went into operation on the first day of January, and before the month of January was out the quota was taken up, Mexico having shipped into the United States almost as many cattle as Canada; so from February 1 to April 1, a period of two months, the duty will be doubled to three cents a pound, or $30 on the average steer, and it will be the first of April before our cattle can be shipped in again at the reduced treaty rate.

Take dairy cows and calves. The duty has been left the same, but the quota has been increased. But our quota in neither dairy cows nor calves was taken up last year; yet the treaty increases quotas which we have not been able to fill in the past.

The duties on live hogs and dressed pork are reduced to such an extent as to permit United States producers to have the trade they had in the Canadian market before these duties were imposed, and that trade was a substantial one.

Take the duty on cream. It has been reduced from 35 cents to 28·3 cents. These fellows at Washington did some close figuring, with their 28·3 cents. That duty is just as prohibitive on a gallon of cream as a duty of 35 cents. They have also increased the quota to 1,500,000 pounds. How much did we ship last year? Only 5,096 gallons of cream; that is all. It is quite easy to raise the quota on something we are not shipping into the United States.

Mr. EULER: How about potatoes?

Mr. THOMPSON: I shall tell the hon. gentleman in a moment if he will just wait.

Again, take milk. The duty has been cut in two, from six and a half cents to three and a quarter cents. It may induce the exportation of more milk, but last year we sent them the bagatelle of 2,470 gallons. We are not shipping milk there, and the concession is of no consequence.

I will now come to the potatoes referred to by the Minister of Trade and Commerce (Mr. Euler). The duty was formerly 45 cents upon exports to the United States and 75 cents upon imports into Canada. What has been done? The duty on exports to the United States has been reduced from 45 cents per 100 pounds to 37½ cents—not a very material reduction. But here is the joker: it is good for only nine months. For three months—December, January and February—the exporter must pay 60 cents per 100 pounds, and those are the months when farmers who have stored their potatoes in root houses and cellars are sending them out. What has Canada done? Where is her 75 cents duty? It is gone—"gone with the wind." Potatoes come in here free with the exception of six weeks, and during those six weeks, from the middle of June to July 30, all they pay is 37½ cents. In other words, for nine months Canada must pay 37½ cents to get potatoes into the United States, and for the remaining three months of the year we pay 60 cents, while the Americans send in their potatoes free for ten and a half months and pay only 37½ cents during the other six weeks.

I have heard a great deal in this house about the splendid men whom the government sent to Washington to make this treaty, but I venture to say they did not know potatoes. You could not have picked any three farmers out of this house—I do not care what side you picked them from—who would have signed a lopsided, jug-handled treaty of that sort.

Canada receives no concessions upon wheat, wheat flour, corn, or corn products, and malting barley retains the almost prohibitive duty of 40 cents per 100 pounds.

In this agreement the interests of Canadian manufacturers and Canadian growers of fruit and vegetables have been ignored, and our agriculture has received a staggering blow. The United States have made no concession to Canada which has cost them anything. Suppose that all the concessions they have made belonged only to Canada; suppose that Canada alone were to fill all the quotas which the United States have given—which we shall not do—it would be only a fraction of one per cent of the requirements of the United States. They have kept over 99 per cent of the market for themselves. I repeat that they have given us nothing which has cost them anything.

On the other hand, what has Canada done? Canada has opened up her market to her principal competitor, the United States of America. She has opened it up to a country with from ten to twelve times her population, and not only to that country but to some thirty other nations which, under the favoured nation clause, will have the same concessions in the Canadian market as has the United States.

Mr. MANION: Without any return.

Mr. THOMPSON: One of the principal objections to this treaty is that it has seriously impaired our preference in the British market, that preference which, since 1932, has been the economic lifeblood of this country. This treaty, Mr. Speaker, is destined to bring Canada more and more under the economic domination of the United States. I ask hon. members, how long can a nation of eleven millions of people, living on the northern part of this continent beside one hundred and twenty-five millions of people on the more southern half, retain its economic independence if it is buying from that great nation from fifty to one hundred million dollars a year more than it is selling to them? On top of that we are endeavouring to pay them interest on a mortgage of four and one-quarter billions of dollars which they hold on

Canada by way of loans which have been made. How long can we retain our economic independence?

More than that, we are selling to the United States largely raw materials and buying back from them finished products. Canada, with her eleven millions of people, is the greatest customer the United States has for manufactured goods.

Mr. EULER: She is our best customer, too.

Mr. THOMPSON: We can go into the bush and cut pulpwood; we can mine gold and do all the rest of the heavy work. With this treaty and a few more like it, Canadians will be nothing more than hewers of wood and drawers of water for the Americans.

Some hon. MEMBERS: Oh, oh.

Mr. THOMPSON: That is all they will be.

Some hon. MEMBERS: Hear, hear.

Mr. THOMPSON: I am glad to hear that applause, because what I have said is the absolute fact. Canada and the United States are natural rivals. That is particularly true with respect to agricultural products. The United States is a great agricultural country, and she has a surplus of and is exporting everything that we are producing. Since the great war, economic nationalism had largely closed the European markets to foreign exporters, and the British market was the only stable market left in the world.

Mr. EULER: It is still free.

Mr. THOMPSON: Since 1932 the United States has looked with a great deal of envy on the preference which her competitor had in the British market. She set herself resolutely to destroy those agreements. I say that no country can prosper or give to its people permanent employment if she permits the importation of goods which she has the capacity to produce. When we send our money out of the country we never see it again. When we spend our money at home we are giving employment to our people, and we are building up markets for both industry and agriculture.

Everything which is required to satisfy the needs of humanity can be and is being produced within the confines of the far-flung British empire. Joseph Chamberlain was the first man to be seized of this great idea, and he was the first British statesman who advocated empire preferences. It is true that he went down to defeat advocating them; but his son, the present Prime Minister of Great Britain, had the honour of signing at Ottawa in 1932 agreements containing the very provisions for which his father had met defeat. Those provisions kept this country solvent and saved our farmers from bankruptcy. Those of us who were in the house at that time well remember how the present Prime Minister (Mr. Mackenzie King), then leader of the opposition, opposed these treaties, how he kept us here week after week, denouncing them, and stating that when he came into office he would repeal them, and how he gathered into line his followers and had them vote against the treaties to a man; not quite to a man; there was one hon. member who voted with us at that time, and he will go down in history as the only Liberal in the house who had sound judgment. Yet, with all the opposition they have received, these treaties have kept this country from bankruptcy since 1932.

Mr. STEWART: And hon. gentlemen opposite renewed the agreements.

Mr. LAPOINTE (Quebec East): They improved the agreements.

Mr. THOMPSON: The treaties with the United States have always been precarious affairs. Their tariffs have moved back and forth like a weaver's shuttle, and have no stability; and I am afraid we are getting into the same rut in Canada. Industry in Canada to-day is being paralyzed by constant monkeying with our tariffs. When one government gets in, down they go; when another gets in; up they go. There is no stability. Tariffs should be taken altogether out of politics. What are tariffs? Tariffs are instruments in the hands of governments whereby they can deal on equality with other countries in which climatic conditions, scales of wages and living conditions are so different that adjustment is necessary. That adjustment should have some permanence; otherwise men will refuse to put money into industry. They will not put money into industry until they have some reasonable assurance of stability.

The hon. member for Huron North (Mr. Deachman), speaking on the address, said he regretted that Canada had rejected the reciprocity treaty of 1911. That treaty contained a clause whereby it could not be terminated without mutual consent, and that gave a foreign country for the first time a say in the domestic affairs of Canada. The late Champ Clark, speaking in the House of Representatives of the United States, gave utterance to the naked truth, when he said that if that treaty passed, as he expected it would, Canada would become an adjunct to the United States. The people of Canada can always look back with pride and pleasure upon having defeated that agreement.

But what happened two years afterwards, in 1913? There was a change of government in the United States. Woodrow Wilson placed agricultural products on the free list, and we had a very much better bargain in 1913 with the United States than was contained in the reciprocity agreement. From 1913 to 1921 agricultural products went free into the United States, but from 1921 to 1930 we lost our markets there while a Liberal government sat on the treasury benches in Canada. It was in that period that the Fordney-McCumber and Hawley-Smoot tariffs and all the other regulations were passed that shut us out of that market. What did the government of that day do? They sat idly on the treasury benches, just as they are sitting to-day, doing nothing, and their only policy was, "We must not provoke that great nation to the south of us." They saw our markets receding; they saw the European market closed, the United States market closed, and yet they sat idly by and allowed the Canadian market to become the dumping ground for the surplus products of every other nation in the world.

Prior to the war Italy, Germany and France bought millions of bushels of Canadian wheat; but the war brought home to them the lesson that they were dependent upon a foreign country for their bread and they were determined not to be caught in that condition again. Therefore they placed on foreign wheat a duty greater than the world price of wheat, until to-day they have become self-sustaining. At any rate, they are no longer a factor in the market in the purchasing of wheat. So in 1930, when the Conservative party came into office, they found the European markets closed and the United States market closed; the only market left was the British market; and they met competition there, on even terms, from their greatest competitor, the United States, a country whose crops were ripe and whose produce was ready for the market from a month to six weeks before our's was.

In the securing of the agreement's of 1932 giving us a preference in the British market there was brought about one of the greatest accomplishments in Canadian history. It must always be borne in mind that the United States is our greatest competitor. The United States has a surplus of the same articles that we export and that we are trying to sell to that country, while on the other hand Great Britain must annually buy hundreds of millions worth of foodstuffs which cannot be produced on that small island. That is where our market lies. Another fact to be borne in mind is that the British market is not a dumping ground where the surplus products of the entire world can be disposed of. Britain has her limitations in purchasing, and every bushel of wheat that the United States sells to Great Britain is just a bushel less that Canada will be able to sell there.

Before this treaty was consummated, the leaders of industry, boards of trade, and leaders in agriculture were consulted in Great Britain and the United States. Delegates from Great Britain and the United States went to that conference, fortified by the advice and the wishes of industry, agriculture and labour in their respective countries. What about Canada? Who was consulted here? These men went to Washington to bargain with men who had agreed upon what they were going to do. Our men had asked advice of no one in Canada, and it was natural that when they came up against the shrewd bargaining power of those two great countries they had it put over them.

The Prime Minister's statement that this treaty will create closer relations with the United States and Great Britain has to my mind no foundation in fact. It is many years since there was even a ripple among these three great democracies—Great Britain, Canada and the United States—and I ask the house, since when has it become incumbent upon a country that has made a trade treaty with another country to fight for that country? We have trade treaties with Germany, Italy and Japan. Did we send our soldiers to fight for Japan in her war? No; the very idea would be repugnant to us. Yet we have trade treaties with those countries.

It is also stated by several prominent British statesmen that the imperial government would never ask Canada or any part of the empire to modify any part of those agreements. That is not the way in which Great Britain does business. When she makes a treaty she stands by it, and it is perfectly obvious that the pressure to have those treaties modified came from our great competitor, the United States.

To my mind the treaty before us is the beginning of the end of our imperial preferences. The United States will never rest content until they have completely wiped them out. The British market to-day is the only stable market there is left in the world, the only market which we should make major attempts to develop. The brevity of this treaty condemns it, in our opinion. Channels of trade cannot be altered every few years without tremendous loss to the exporters.

The other day I read a report from Washington dated November 18, 1938, stating that prior to these preferences going into

effect in 1930 they had sold large quantities of wheat to the United Kingdom; that their trade had gone down materially, but that they expected to regain it on getting free entry. They gave these figures: In 1930 the United States sold to Great Britain 39,267,000 bushels of wheat. In 1933, one year after these preferences went into effect, this dropped to 9,000 bushels. In 1930 Canada sold to the United Kingdom 97,234,000 bushels, and in 1933 that increased to 140,459,000 bushels. In other words, prior to these treaties being signed and the preference of six cents a bushel being given to Canada, the United States were supplying 20 per cent of the requirements of the British market in wheat, and after they went into effect, this fell to ·05 per cent; while in 1930 Canada was supplying 40 per cent, and after the preference this rose to 67 per cent. In the face of those figures we have this remarkable statement from two of the ministers. The Minister of Trade and Commerce said the other day that this 6 per cent preference was of doubtful value, and this afternoon the Minister of National Revenue (Mr. Ilsley) said that it was a minor factor.

Mr. ILSLEY: A minor factor in creating port business.

Mr. THOMPSON: All I have to say is that there is none so blind as those who will not see.

Mr. ROWE (Dufferin-Simcoe): The same effect on apples.

Mr. THOMPSON: Every trade treaty this government has made with the United States has been detrimental to the interests of Canada. In 1935, with all due respect to the figures given by the hon. member for Huron North, we had a favourable trade balance with the United States amounting to $57,688,000, but in 1938 we had an unfavourable trade balance of $67,981,518. That is, in three years after this treaty was signed, our trade with the United States fell off to the extent of $125,669,518, and in the same years our trade with Great Britain had risen from $191,000,000 to $225,000,000.

Another alarming feature about this agreement is that it permits some thirty-odd nations to get the same concessions in the Canadian market that the United States have been given. I want also to register my protest against treaties of such great importance being made effective without the sanction of parliament. The Prime Minister said the other day that they had authority to put this agreement into operation without presenting it to parliament. In 1932 Mr. Bennette called a special session of parliament, presented his agreements and had them ratified by parliament before they were made operative. The agreements which were made in 1935 were put into effect on January 1, 1936, and parliament was called together a month later. The agreement of 1938 was put into operation on January 1, 1939, and parliament was called twelve days later. We are now discussing an agreement which is already law, and no hon. member had any say whatever in its provisions. The members of this house who are elected and sent here to look after the business of the country have been ignored. In such an important matter as this, even though the government may argue that they had the legal right to do it, there are things which are not expedient and should not be done.

After examining this treaty carefully I have arrived at the conclusion that Canada has been made a catspaw to pull American chestnuts out of the fire. In conclusion, because I made an agreement that I would allow the government ten minutes to-night, and I am going to do it—

An hon. MEMBER: Too much.

Mr. THOMPSON: No, I said it, and at ten minutes to eleven I stop. But I say that the future welfare of Canada and the happiness and prosperity of her people depend upon closer union with the British empire, and the further development of inter-empire trade. Both of these this treaty tends to destroy.

On motion of Mr. MacLean (Prince) the debate was adjourned.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

292. Departmental administration, $190,540.

Hon. P. J. A. CARDIN (Minister of Public Works): This amount covers salaries and travelling expenses, stationery, et cetera, of the members of what is called the administrative section of the Department of Public Works at Ottawa. It covers the office of the minister, the offices of the deputy minister, the assistant deputy minister, the secretary and the purchasing agent of the department. There is a little decrease of $130; that is the result of readjustment of positions in the department.

Item agreed to.

Chief architect's branch—

293. Branch administration, $226,280.

This is the administration of the branch of the chief architect's office at Ottawa. There

is an increase, also on account of changes in positions in the service and statutory increases.

Mr. STEWART: What attracts the attention at once in reading this item is the substantial increase from $5,000 to $11,560 in temporary assistance. When one looks over the skeleton of these estimates, what impresses one is the almost complete absence of anything in the nature of a program for the construction of public works. The amounts are strikingly small. I think the total of these estimates is $11,000,000, the greater part of which is made up of salaries, administration and all that sort of thing. I can come to no other conclusion than that the minister and the government have in mind bringing in as supplementary estimates a very heavy program of public works. If such is not the case, why should we find in different items increases such as I have mentioned, providing for temporary assistance that cannot possibly be required for the execution of any program embodied in the main estimates? Possibly between now and the next time these estimates are up, the minister may be able to consider this matter and be in a position to make a statement to the committee. I am sure, if this is the main body of the public works program for this year, the minister must be ashamed of it. It is so trifling that it is perfectly clear that it is not the real program of the government at all. It is just a sort of smoke-screen that is put up, and there must be something else behind all these details of administration and so on, which compose the skimpiest, smallest program in the history of the department.

I should like to ask the minister when he hopes to be able to take the committee into his confidence and tell us when those supplementary estimates will be brought down. As the minister knows, it is desirable that the public works department should get its program under way as early in the season as possible. That is one reason why the estimates of this department are usually taken up early in the session, and when they are passed and approved the departmental officials prepare their program and get to work as early in the season as possible. It is difficult to get started as soon as they would like, but unless the supplementary estimates are brought down and passed by this house within a comparatively short time it will be late in the season before it will be possible to undertake this work.

Would the minister be good enough to give us some information as to why these estimates are so emaciated, so abbreviated, so very small as to hardly justify him in opening his department at all at this stage? Apparently he is only asking for a great deal of money for salaries, because he has no program of works in these estimates. That is the very opposite to the usual procedure. The main estimates are supposed to contain the main features of the program of the government, while the supplementaries really cover things that have developed after the preparation of the main estimates. In this case the order is reversed. The main estimates which are here ought to be the supplementary estimates, and apparently the real main estimates are to be brought down some time later, possibly quite late in the session.

I should like the minister to take the committee into his confidence and let us have a statement in regard to the exceptional, extraordinary situation which is disclosed in these estimates.

Mr. CARDIN: I heartily welcome the suggestion of my hon. friend, who has had some experience in the matter, that I should ask for a larger amount of money for my department. I am sure that is in agreement with the view already expressed by most of the members of this house, that the Department of Public Works is not spending enough money.

The reason why the estimates are presented in this form is that we wanted to show in the main estimates what was absolutely necessary for the proper carrying on of the business of the government. That is why we have included only the items which appear in the main estimates. Another reason is that at this early hour of the session we are not in a position, as my hon. friend knows, to determine what expenditures will be required. In connection with works already begun we have not the reports of the engineers and are unable to determine, when the main estimates are brought down, what amounts of money may be required to complete those works. The reports of the engineers and architects are not all in so early in the year. That is one reason why we do not find in the main estimates what may be necessary to complete the works which have been undertaken during the year.

Mr. MANION: At the banquet which was given to my right hon. friend the Minister of Justice (Mr. Lapointe), I think I heard someone say there was a very fine list of estimates all ready.

Some hon. MEMBERS: Oh, no.

Mr. MANION: Oh, yes; I was listening. You gentlemen were at the banquet; you may not remember, but I was sober, listening in up here. I do not remember who it was, but somebody made that statement. Perhaps

the minister could tell us something about that splendid list of estimates which were to be brought in.

Just now the minister said these estimates showed what was absolutely indispensable or absolutely necessary. In other words, the supplementary estimates he is going to bring in are not indispensable or absolutely necessary. That was the only conclusion I could reach. Of course I admit that they may be necessary for an election, but I mean necessary as public works. I should like the minister to tell us a little more about the program that is to be brought in, about which we have been hearing so much. Really members of the house should not be the last people in the country to know about these matters.

Mr. CARDIN: I was just proceeding with my remarks when the leader of the opposition interrupted me. I have, however, no objection to letting the item stand.

Mr. STEWART: I am glad to know that the door is not yet entirely closed.

Mr. CARDIN: Oh, no.

Item stands.

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

Wednesday, February 23, 1939

The house met at three o'clock.

PRIVILEGE—MR. POULIOT

COMMENT IN OTTAWA CITIZEN ON SPEECH RESPECTING CIVIL SERVICE COMMITTEE

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, to my utmost regret it is my duty to rise to a question of privilege. Referring to yesterday's debate on the civil service commission, the reporter of the Ottawa *Citizen,* in a column entitled Glimpses of Parliament, writes in this morning's paper:

> Mr. Pouliot, who was chairman last year, gave expression to views which, as usual, were not qualified.

My answer will be threefold. In the first place, I never speak through my hat. In the second place, I would suggest to that gentleman of the press gallery that he read the 43,602 numbered pages of the last 461 files of the civil service commission which were in the office of the clerk of the civil service committee last year, and which have all been returned to the commission. The third part of my answer shall be biblical:

> They have eyes and see not;
> They have ears and hear not;
> They have noses and smell not.

STANDING COMMITTEES

PUBLIC ACCOUNTS—CIVIL SERVICE SUPERANNUATION ACT—CHANGE OF PERSONNEL

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved:

That the name of Mr. Héon be substituted for that of Mr. Wermenlinger on the standing committee on public accounts.

That the name of Mr. Bercovitch be substituted for that of Mr. Mullins on the standing committee on public accounts.

That the name of Mr. Kennedy be substituted for that of Mr. Hansell on the special committee to inquire into the terms and operation of the Civil Service Superannuation Act.

Motion agreed to.

FISHERIES ACT

SEINE FISHING FOR SALMON PROHIBITED IN WATERS ADJACENT TO MOUTH OF FRASER RIVER

Mr. THOMAS REID (New Westminster) moved for leave to introduce Bill No. 29, to amend the Fisheries Act, 1932.

Some hon. MEMBERS: Explain.

Mr. REID: This bill, Mr. Speaker, is for the purpose of amending the Fisheries Act so as to prevent, by statute, fishing for salmon by the use of purse seines in the estuary of the Fraser river, whch area had always been the fishing ground of the individual gill net fishermen until 1933 when, for the first time and by order in council, seine fishing was allowed in this area.

Motion agreed to and bill read the first time.

SALMON TRAP NETS PROHIBITED IN CANADIAN TIDAL WATERS ON BRITISH COLUMBIA COAST

Mr. A. W. NEILL (Comox-Alberni) moved for leave to introduce Bill No. 30, to amend the Fisheries Act, 1932.

Some hon. MEMBERS: Explain.

Mr. NEILL: Mr. Speaker, the purpose of the bill is to abolish fish traps in British Columbia.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

OTTAWA GOVERNMENT BUILDINGS AND REALTY PURCHASES

Mr. HYNDMAN:

1. What has been the cost of each new building erected by the government in the city of Ottawa during the years from 1935 to date?
2. What new government buildings are now under construction in the city of Ottawa, and what is the estimated cost of each?

3. What property or properties have been taken over by the government from the city of Ottawa each year since 1926?

4. At what price was each property acquired?

Mr. CARDIN:

1.

Building	Cost
Justice building (contracted for January 13, 1935)..	$1,365,811 37
Postal terminal building (contracted for March 25, 1935)..	886,025 18
Royal Canadian mint refinery (contracted for March 13, 1935)..	459,088 96
Tailing disposal building, Department of Mines and Resources..	24,860 45
Industrial minerals and ceramics laboratory, Department of Mines and Resources..	137,786 80
Ore dressing laboratory, Department of Mines and Resources	93,887 41

2.

Building	Estimated cost
New supreme court building, including surrounding terraces and underground garages.. ..	$3,360,000 00
New post office building, corner Sparks and Elgin streets.. ..	686,500 00

3 and 4. Portion of Earnscliffe avenue for national research building site. Purchased January 9, 1934, for $1,650. West half of lot 2, south side of Lydia street for Department of Mines and Resources plant, Booth street area. Purchased October 18, 1937, for $450.

TORONTO HARBOUR WORKS

Mr. MARSH:

What was the total amount spent by the federal government on all works in connection with Toronto harbour, between the years 1920 to 1938 inclusive?

Mr. CARDIN:

$7,064,370.18 (April 1, 1920, to December 31, 1938).

HAMILTON HARBOUR WORKS AND BURLINGTON BEACH CANAL IMPROVEMENTS

Mr. MARSH:

1. What were the total moneys spent by the federal government on Hamilton harbour, including Burlington bay, between the years 1920 to 1938, inclusive?

2. What was the total cost of all improvements at Burlington beach canal, including all dredging, widening of canal, building and repairing piers, etc., between the years 1920 to 1938, inclusive?

[Mr. Hyndman.]

Mr. CARDIN:

1. $996,456.77 (April 1, 1920, to December 31, 1938).

2. $2,649,239.74 (April 1, 1920, to December 31, 1938).

ROYAL CANADIAN MOUNTED POLICE—SEARCHES AT ST. ANSELME, QUE.

Mr. LACROIX (Beauce):

1. Have the Royal Canadian Mounted Police made any searches or investigations on the property of Mr. C. Aug. Cadrin, or of Mr. J. B. Cadrin, merchants at St. Anselme, county of Dorchester, province of Quebec?

2. How many such visits were made to the said property?

3. Did the Royal Canadian Mounted Police constables proceed by virtue of search warrants or not?

4. If not, by what authorization?

5. Were any complaints made that intoxicating liquor was stored in warehouses or other property of the said C. Aug. Cadrin or of the said J. B. Cadrin?

6. If so, by whom?

7. What were the results of such investigation?

8. Is there a limit to the number of such searches that can be made on private property?

9. Can such investigations be conducted at any hour of the day or night?

10. Will steps be taken to prevent unfair and unwarranted annoyance and persecution of peaceful citizens from taking place?

Mr. LAPOINTE (Quebec East):

1. Yes.

2. Two searches were made of property occupied by Mr. C. Auguste Cadrin in December 13th, 1938 and January 13th, 1939.

3. No.

4. Writ of assistance issued under the provisions of the Excise Act.

5. Yes.

6. This information cannot be disclosed.

7. No results.

8. The law does not prescribe any limitation.

9. Public interest should govern.

10. Steps are taken at all times by members of the Royal Canadian Mounted Police to check the reliability of information, as far as possible, before searches are carried out under the provisions of the Excise Act.

SEED GRAIN LOANS GUARANTEE ACT—FEDERAL LIABILITY

Mr. PURDY:

What is the present liability, by provinces, of the federal government on its guarantees under the provisions of the Seed Grain Act of 1938?

Mr. DUNNING: Under the terms of The Seed Grain Loans Guarantee Act, 1938, the dominion government guarantees the principal and interest of loans made in Alberta and Saskatchewan by chartered banks for seed grain assistance to farmers during the spring of 1938. The loans in each province are primarily guaranteed by the provincial government. The province is not required to fulfil its guarantee until three years after the date of any loan and the dominion's liability is only to the amount that the province is unable to fulfil its guarantee. The principal amount of loans authorized to be guaranteed is: Alberta $1,900,000, Saskatchewan $14,500,000. The principal amount guaranteed is not yet determined, but general guarantees have been executed for not exceeding the maximum amount authorized.

VEGETABLE OILS IMPORT—DOMESTIC PRODUCTION OF SHORTENING

Mr. HAYHURST:

1. What quantity of vegetable oils in gallons was imported into Canada in 1938?

2. What quantity of shortening containing no animal fat was produced in Canada in: (a) 1937; (b) 1938?

Mr. EULER:

1. Imports for Consumption

		Calendar year 1938
Oils, vegetable, for food—		
Cocoanut oil, n.o.p., edible	Gal.	33,212
Cotton seed oil, refined, edible, for canning fish	Gal.	128,500
Cotton seed oil, n.o.p., edible	Gal.	10,869
Olive oil, n.o.p., edible	Gal.	346,099
Peanut oil, n.o.p., edible	Gal.	66,778
Soya bean oil, n.o.p., edible	Gal.	96,877
Oils, vegetable, not food—		
Castor oil	Gal.	213,852
Chinawood oil	Cwt.	43,682
Cocoanut oil, not edible, for manufacture of soap	Gal.	2,388,047
Cocoanut oil, not edible, for manufacture of refined cocoanut oil	Gal.	1,438,163
Cotton seed and crude cotton seed oil for the manufacture of refined cotton seed oil and meal	Cwt.	140,419
Essential oil, n.o.p., including bay oil and otto of limes	Lb.	601,614
Eucalyptus oil	Lb.	17,621
Flaxseed or linseed oil, raw or boiled	Cwt.	13,753
Foots, being the refuse of the cotton seed or olives after the oil has been pressed out	Cwt.	37,745
Olive oil for manufacturing soap or tobacco or for canning fish or for use in the processing of textile fibres, including the finishing of fabrics	Gal.	54,764
Oiticica oil	Lb.	....
Palm and palm kernel oil, unbleached or bleached, not edible and shea butter; palm and palm kernel, not edible, for the manufacture of soap	Cwt.	703,601
Peanut oil, crude, for refining for edible purposes	Cwt.	935,133
Peanut oil for the manufacture of soap or for canning fish	Gal.	941,278
Peppermint oil	Lb.	37,511
Perilla oil, when for use in Canadian manufactures	Lb.	5,685,104
Rape seed oil, crude or refined	Gal.	72,735
Rape seed oil, blown, for manufacturing purposes	Gal.	....
Rosin oil	Gal.	89,268
Sesame seed oil	Gal.	2,916
Soya bean oil for manufacturing soap	Gal.	71,972
Vegetable oil, n.o.p., not edible	Gal.	203,290

2. 1937—Production in slaughtering and meat packing plants, 72,926,866 pounds; 1938—not available.

DOCTOR P. S. HUDSON

Mr. MARSHALL:

In the auditor general's report for the year ended March 31, 1938, appears the following item (Part A-38, Agriculture): "Contribution to expenses of Dr. P. S. Hudson from England to Peru, $973.33"—1. Is Dr. Hudson a member of the Canadian civil service?

2. What work was he engaged upon in England?

3. When did he go to England?

4. What are the circumstances surrounding his transfer from England to Peru?

Mr. GARDINER:

1. No.

2. Dr. Hudson is an official of the imperial bureau of plant genetics, Cambridge, England.

3. No information.

4. It was the purpose of the imperial bureau of plant genetics, Cambridge, England, to send an expedition to Peru to secure supplies of new species of potatoes and Dr. Hudson was to be in charge of the expedition. As Canada was especially interested in this work and

was to receive a supply of the potatoes obtained, a contribution was made towards the expenses of the expedition. Due to the illness of Dr. Hudson, the expedition was postponed and is now under way under new leadership.

IMPORTS OF VEGETABLES—SEASONAL RESTRICTIONS

Mr. HEON:

1. How many orders in council were passed during the year 1938 with respect to vegetables, to prevent foreign products from invading the Canadian market between the months of April and July?

2. Will orders in council of similar nature be passed during the same period in 1939?

Mr. ILSLEY:

1. None required as authority contained in previous orders in council.

2. No, unless further authority required.

LAKE ST. JOHN, ROBERVAL COUNTY, QUE., PUBLIC WORKS

Mr. HEON:

1. Is the dominion government, through the Public Works department, undertaking any works in Lake St. John-Roberval county?

2. If so, what is the nature of such works?

3. To what amount?

4. Is the work to be done under contract or day work?

5. If under contract, who is the contractor?

6. Was he the lowest tenderer?

Mr. CARDIN:

1. Yes.

2. (a) St. Henri de Taillon (Ponte à la Pipe), blasting reef.

(b) Roberval, construction of a protection wall.

3. (a) $500.

(b) $22,000.

4, 5 and 6. (a) Day labour.

(b) Work being done by day labour. Stone required in construction of protection wall being supplied under contract by E. R. Truchon, who was the lowest tenderer.

LIFE INSURANCE PREMIUMS

Mr. FLEMING:

Has the government any knowledge, through the Department of Finance, that the life insurance companies doing business in Canada have raised, or are contemplating raising the premiums on new insurance?

Mr. DUNNING: About four years ago there was a more or less general increase in the premiums for new non-participating policies, the increase on the average amounting to about 2 per cent. There has been no subsequent general revision of such rates. No general increase in participating rates has taken place for many years. The tendency has been rather in the opposite direction through the introduction of low premium special series of policies with lower dividend scales or with deferred participation. Approximately 80 per cent of new life insurance is now effected on plans providing for some form of participation.

DEPARTMENT OF NATIONAL DEFENCE—STATIONARY SEARCH LIGHTS

Mr. MacNEIL:

1. Have any stationary search lights been secured or installed by the Department of National Defence?

2. If so, what firm secured the order for such search lights?

Mr. MACKENZIE (Vancouver):

1 and 2. No. Contract is now under consideration.

STANLEY PARK, VANCOUVER—FORTIFICATIONS

Mr. GREEN:

1. Have the fortifications in Stanley park, Vancouver, been completed and turned over to the Department of National Defence?

2. If so, on what date were they turned over?

3. If not, when is it expected that they will be so turned over?

4. What will be the total cost of such fortifications?

Mr. MACKENZIE (Vancouver):

1. The works are not yet completed.

2. Answered by No. 1.

3. By the end of June, 1939.

4. Total cost of works, approximately $205,073.

QUESTIONS PASSED AS ORDERS FOR RETURNS

DISTRIBUTORS' DISCOUNTS ON IMPORTS—TARIFF BOARD DECLARATIONS

Mr. LAWSON:

1. How many distributors' discounts, and on what imported articles, have been cancelled by the Department of National Revenue, customs division, since January 1, 1939?

2. Has the tariff board given any ruling on any case submitted: (a) as to the legality of the Department of National Revenue granting general distributors' discounts or (b) cancelling the same?

Mr. ILSLEY: Return tabled.

MONTREAL CONSTRUCTION SUPPLY AND EQUIPMENT LIMITED—SHELL MANUFACTURE

Mr. MacNEIL:

1. Was a contract executed with the Montreal Construction Supply and Equipment Limited, Montreal, for the manufacture of shells? If so, on what date?

2. Is this the same firm that secured the contract for the erection of a public building in Ottawa?

3. On what date did this firm commence the manufacture of shells?

4. Has any reason been given for non-delivery of shells?

5. If so, what is the reason?

6. Was this contract awarded on the basis of selection rather than competitive bids? If so, for what reasons?

7. To what extent were the facilities of other manufacturing concerns examined before the selection was made of this particular firm?

PASSENGERS IN ROYAL CANADIAN AIR FORCE PLANES

Mr. MacNEIL:

1. Were any members of the House of Commons carried as passengers in planes of the Royal Canadian Air Force during 1936, 1937, and 1938?

2. If so, was permission granted by the Department of National Defence for such flights?

3. What are the names of the members of the House of Commons who secured this privilege, what was the number of flights in each instance, and between what points?

Mr. POWER (for Mr. Mackenzie, Vancouver): Return tabled.

THE BREN MACHINE GUN

Mr. MacNEIL:

1. Has the Department of National Defence secured information with regard to the Bren gun performance at Bisley?

2. If so, were such reports satisfactory?

3. Do the reports indicate that the Bren gun may be employed safely for overhead fire with advancing troops?

4. Has the Department of National Defence secured reports on other tests made of the Bren gun in competition with other light machine guns?

5. If so, what do these reports indicate as to accuracy of fire and extraction?

6. Is it true that the Bren gun was offered to the German military command and the military staffs of other great powers and rejected?

7. How many men are required to serve the Bren gun in action?

SECRETARY OF STATE—EUROPEAN TRAVEL IN 1938

Mr. WERMENLINGER:

1. Did the Secretary of State visit the continent of Europe during 1938?

2. If so, was he accompanied by anybody connected with the government?

3. What countries did he visit?

4. What was the nature of his business with each country visited?

5. What was accomplished by his visit to each country?

GOVERNMENT LOANS TO EX-SERVICE MEN

Mr. MacNEIL:

1. How many loans have been granted to ex-service men by the Department of Pensions and National Health during, (a) 1937, (b) 1938, under the provisions enabling aid to those requiring tools and equipment in some recognized trade?

2. What was the total amount loaned for such purposes during, (a) 1937, (b) 1938?

3. Have any such loans been made to ex-service men engaged in the fishing industry under this provision during 1937 or 1938?

IMPERIAL EX-SERVICE MEN

Mr. MacNEIL:

1. What is the number of imperial ex-service men now in receipt of the war veterans' allowance?

2. What is the number of ex-service men who served in the South African war, now in receipt of war veterans' allowance?

3. What is the number of former imperial ex-service men now in receipt of unemployment assistance from the Department of Pensions and National Health with: (a) pre-war domicile; (b) domicile prior to 1924?

4. What was the total number of imperial ex-service men admitted to hospitals under the Department of Pensions and National Health in: (a) 1937; (b) 1938?

5. How many imperial ex-service men are employed in the Department of Pensions and National Health?

MOTION FOR PAPERS

MARKETING OF JAPANESE AND SIBERIAN SALMON IN AUSTRALIA

Mr. GREEN:

For a copy of all correspondence, letters, telegrams, reports, memoranda and other documents passing to or from any department of the government and any Canadian trade commissioner in Australia, or any firm or corporation in Canada dealing in canned salmon, concerning unfair methods of competition with Canadian canned salmon in the marketing of Japanese or Siberian salmon in the Australian market.

TRADE AGREEMENTS

CANADA-UNITED STATES — CONTINUATION OF DEBATE ON MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

The house resumed from Tuesday, February 21, consideration of the motion of Mr. Mackenzie King that the house go into committee on the following proposed resolution:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. A. E. MacLEAN (Prince): Mr. Speaker, in case there might be some little misapprehension regarding the manner in which the treaty is received in the province of Prince Edward Island and in the county I represent. I wish to take this opportunity of making a few observations on the motion now before the house.

It is a real pleasure for me, representing a rural constituency in that province, to be able to say that the treaty has been well received by the people of the province and of the county which I represent. A day or two after the press release was given out I met on the street a friend of mine; although he was strongly opposed politically to me we were always personal friends, and his first observation was: "This time we shall have nothing to fight over; we have not a word to say—the treaty is all in our favour." I believe that that represents pretty well the attitude of people in general. I make that statement for this reason: The United States has always been the natural market for the maritime provinces, and more particularly, possibly, for Prince Edward Island. If we look back over the history of Canada and study the situation of our province before we came into confederation, it will be found that at that time we had a wonderful trade with the people of the United States; we had control of our own customs laws; we had to sacrifice a good deal when we came into confederation, and ever since our people have looked longingly towards the markets of the United States in the hope that some day we might have a better entry into those markets.

While speaking of confederation, I do not think it will be out of the way for me to remind the house at this time that on July 16 of this year the seventy-fifth anniversary of confederation is being celebrated in the province of Prince Edward Island and the city of Charlottetown. A well balanced program has been arranged for the five days of that gathering. Invitations are being sent out to the Prime Minister and the members of his cabinet, to the premiers of all provinces, to the leader of the opposition, and to all hon. members and senators. We sincerely hope that a large number of people across the dominion will take advantage of the occasion and attend this celebration in the city of Charlottetown.

The people of Prince Edward Island were not altogether satisfied with what happened after they came into the union. We were promised that we should have the central markets of Canada as an outlet for our products. We regret that that has not worked out in just the way that we had hoped. One of the difficulties is that the central provinces grow the same agricultural products that we do, and therefore it is simply impossible for us to find in those provinces a ready market for our surplus products. Another reason is the long haul and the exceedingly high freight rates. Our close proximity to the United States and the fact that we have waterborne traffic makes it much more economical for the shipper to send his products into the United States. Naturally, therefore, in all these years they have been looking at that market with longing eyes in the hope that the time again might come when they might have freer access to it.

I remember distinctly the disappointment of the people of Prince Edward Island when the reciprocity agreement of 1911 was defeated. It was defeated, I am sorry to say, by the attitude of our friends opposite, and I am really surprised to see them taking the same attitude at this time towards the treaty now before us. The fact that the United States came to the assistance of our friends, both with money and with the influence which they could bring into the campaign of 1911, goes to prove that the agreement was a splendid one; had the agreement not been entirely in favour of Canada, United States money would not have been put up, nor would the fight have been made which was made then to defeat it.

As the Prime Minister (Mr. Mackenzie King) said the other day, when the treaty of 1911 was first introduced into this house, hon. gentlemen opposite did not know whether they were for it or against it. They were so completely overwhelmed by the wonderful offers made to Canada at that time that at the outset they did not like to oppose it, but afterwards, getting assistance from outside, they plucked up courage and determined to put up a fight against it. As the hon. member for Lanark (Mr. Thompson) said

yesterday, the 1911 treaty would have made Canada an adjunct of the United States—so at that time they started waving the old flag, shouting "No truck or trade with the Yankees", and declaring that if we entered into that agreement with the United States we would immediately lose our national identity and become a mere adjunct of the republic to the south. Of course that suggestion was perfectly ridiculous, and it is just as ridiculous to-day as it was at that time. Still, a good many people seem to fall for it.

The Prime Minister said the other day that he remembered Sir Wilfrid Laurier stating that it might be twenty-five years before another opportunity offered for us again to put through an agreement of that kind, and events have proved that Sir Wilfrid was right. We feel in the maritime provinces that our progress has been practically held back for twenty-five or thirty years owing to the fact that we have not had better trade relations with the United States. As has been pointed out on different occasions in the course of this debate, nine-tenths of our export trade is with the United States and Great Britain. One thing that our friends opposite cannot grasp is that you must be willing to buy before you can expect to sell; they think that trade is a one-way street. Unless they get rid of that idea they will never change their policy of high protection. To my mind, reciprocity is exactly what the word implies; it means that you must be willing to trade both ways.

The other day the leader of the opposition (Mr. Manion) said that the Prime Minister had made the statement that this was a peace pact. Well, I listened carefully to what the Prime Minister had to say, and the impression I got was that this was not a peace pact to protect us from aggression on the part of the United States or any other country, but that it was an object lesson to the whole world, teaching that the two great democratic countries could be drawn together in a policy of neighbourliness. It is not a peace pact to safeguard us from attack from any other country, but it is what the Prime Minister said it is—an object lesson to the world at large to show what can be done among the democratic nations. Our friends opposite are drawing largely on their imagination when they try to put any other construction on the treaty.

Let me read briefly some extracts from the British press and other British organizations to show what the opinion over there is. We all know what an influential body the British board of trade is. In reference to the agreement, the British board of trade summarizes it as an:

> important and significant step in the efforts of the United Kingdom and the United States governments to reduce trade barriers and so contribute to world peace and prosperity.

The Manchester *Guardian* says:

> The people of the United States and the United Kingdom will welcome the treaty, "not perhaps for the increased trade it will actually bring so much as for its political significance. . . . Two great democratic countries are able, in a time when self-sufficiency and state regulated trade seem in the ascendent, to set the example of economic disarmament that the world so sadly needs."

The *Financial News,* independent, states:

> The agreement marks a substantial throwback to sanity and adds: "The agreement in sum is standing testimony to the efficacy of human determination, aided by Anglo-Saxon genius for compromise."

I could read a great many more testimonials of the same sort. For example, the *Yorkshire Post,* Conservative, says:

> The pact represents the first decisive step towards liberation of international trade the postwar world has achieved and is most valued not only for what it is but for what it promises.

And to quote the *Daily Telegraph*:

> The goodwill the dominions have displayed in this matter merits particular recognition.

If it were not for the goodwill shown by the dominions it would have been difficult to put the treaty through.

These quotations from the British press are significant, and they bear out exactly what the Prime Minister said the other day, that we are not afraid of aggression from the United States or any other country but that the treaty is an example to the whole world of what democratic nations can do when they sincerely desire to get together.

After listening to our friends across the way in their speeches on this treaty I am led to ask this question: Where do the leader of the opposition and the Conservative party stand in relation to the treaty? Are they for it or against it? The leader of the opposition stated the other day in the closing part of his speech:

> Time alone will tell, but my belief is that the ill effects of the treaty will be very much greater than the good effects.

I submit that if the ill effects of this treaty are greater than the good effects it is up to the leader of the opposition and his party as a whole to vote against the treaty on the floor of the house. But I shall watch very carefully to see whether they will venture so far. They are taking a great deal of time condemning the treaty and they will try to prejudice the minds of the public against it, but I doubt whether they will go the length of voting against it.

I cannot see how any farmer, any member representing a farming constituency in this house, in fact any member representing almost any constituency except a thoroughly industrial one, can oppose this treaty. Hon. gentlemen opposite will remember the time when the Robb budget was introduced. Industrial people from the cities in this vicinity paraded in front of the public buildings with placards on their breasts and backs, declaring that their industries would be closed down and that they were facing starvation on account of that Robb budget. Mr. Robb quietly told those gentlemen to go home and just take their time and see whether the budget would not work out for them a great deal better than they expected. The result was that the automobile industry in this country never had such a period of expansion as it had under the Robb budget.

Mr. STEWART: Can the hon. gentleman tell what changes were made in the budget before it was adopted in the house?

Mr. MacLEAN (Prince): Very few. Yesterday the hon. member for Lanark (Mr. Thompson) stated that he is still for high protection. When the Conservative convention was held in Ottawa and the new leader was chosen, they adopted a resolution stating that the party stands by its old principle of high protection.

Mr. MacNICOL: On a point of order, there is no use in the hon. gentleman making a statement that is not true. The party did no such thing as have a high protection plank.

Mr. MacLEAN (Prince): I accept the hon. gentleman's correction, but his quarrel will have to be with the press, not me, because I have the clipping.

Mr. MacNICOL: I ought to know, because I was chairman.

Mr. MacLEAN (Prince): History gives us to understand that the national policy of high protection was inaugurated in Canada to protect our infant industries, and when those infant industries got on their feet the party of our hon. friends opposite was pledged to do away with this high protection policy and adopt a policy of lower tariffs. But those "infant" industries, many of them now hoary with age, are still clamouring for more and more protection. And every time they shout, our friends opposite come to their assistance and are willing to give them higher and higher protection. When all those industrialists and manufacturers climb on the back of the farmer he has pretty heavy going.

Our hon. friends opposite must be either for or against this agreement. They cannot ride two horses; they cannot eat their cake and have it too. They will have to make a decision on this matter, and their time to make it is not far away.

On page 1070 of *Hansard* of this session the leader of the opposition (Mr. Manion) is reported as saying that he is absolutely opposed to a prohibitive tariff. But from 1930 to 1935 he was a member of a government which imposed the highest tariff that was ever imposed in this country; if ever there was a tariff that could be described as a prohibitive tariff, that was it. And we know what the results were.

Mr. MacNICOL: It made a lot of good jobs.

Some hon. MEMBERS: Oh, oh.

Mr. MacLEAN (Prince): I heard one of our friends over there the other day lamenting the plight of the young people of this country. I tell my hon. friends that the prohibitive tariff imposed by that government threw more people out of jobs than any other thing that ever happened. And see the other results. Not only was the indemnity of every hon. member of this house cut—we do not complain so much about that—but the salary of every member of the civil service was cut—

An hon. MEMBER: Why shouldn't it be?

Mr. LAWSON: What has the tariff to do with that?

Mr. MacLEAN (Prince): —and the business men followed suit, and so on right along the line.

Mr. POULIOT: The truth hurts.

Mr. MacLEAN (Prince): Our friends over there may protest as much as they like; all I have to say is that—

> It is the set of the sails, and not the gales,
> That shows the way they go.

There was a good cartoon in a recent issue of the Montreal *Gazette,* which to my mind sums up, better than anything else I can think of, the attitude of hon. gentlemen opposite. It showed a Conservative gentleman, dressed in black, looking very mournful, and applying black paint to one side of this trade treaty. And there was a charming, smiling, gentle looking Liberal on the other side painting it a lovely white.

Mr. MANION: It should have been red.

Mr. MacLEAN (Prince): This cartoon cleverly depicts the true state of the case. We have always told the people that the policy of the Liberal party was expansion of trade. We have told them that trade is the lifeblood of the country, that without trade we could not expect to meet our financial

obligations and prosper. With that in view, following hard upon the trade treaty of 1935, came the Dunning budget, providing for sweeping reductions in the tariff. Duties were reduced in many cases 17½ per cent. Many articles coming from the United States were made free; the duty on farm machinery was reduced from 25 to 7½ per cent, and so on all down the line. That is one pledge that the Liberal party have kept. They stated in a pamphlet which they issued in 1935 that they would seek to release and promote international as well as internal trade, and they have gone a long way in that direction.

Our trade has gone forward with leaps and bounds. I am not going to quote a great many figures but I have a few here from the bureau of statistics. Let us look at our trade with Great Britain. In the fiscal year 1934-35, the last full year of the Conservative administration, Canada's imports from the United Kingdom were $112,000,000. In the fiscal year 1937-38 they totalled $145,000,000—I use round figures—an improvement of $33,000,000, or 29 per cent. For the same two years our exports to the United Kingdom were $291,000,000 and $410,000,000, a gain of $119,000,000 or 40 per cent.

Look at our trade with the United States. In the Conservative government's last fiscal year, 1934-35, Canada's total trade with the United States was valued at $608,000,000, whereas in 1937-38 it came to $910,000,000, a gain of $300,000,000, or practically 50 per cent.

Mr. SPENCE: Were not times better in 1937-38 than in 1934-35?

Mr. MacLEAN (Prince): What do our friends over there want? They must be hard to please if those figures do not please them.

Now let us look at the export figures, comparing the same two years, 1934-35 and 1937-38. The percentage of gain in Canada's exports to some of the leading countries was as follows: Great Britain, 40 per cent; United States, 39 per cent; Australia, 79 per cent; Japan, 57 per cent; South Africa, 33 per cent; New Zealand, 118 per cent; Belgium, 24 per cent; the Netherlands, 32 per cent; Germany, 174 per cent; Argentina, 85 per cent, and Ireland, 25 per cent.

Right down the list you find that we have made a substantial gain in our export trade. Is not that what our country needs? Is it not what we have been looking for? We have a great deal—I was going to say to be thankful for, and I do not know that I can use a better expression, in the very favourable situation we enjoy not only from the trade angle but also from the financial angle. Hon. members will recall that during those five years Mr. Bennett was not only prime minister but for most of the time was finance minister as well. He was going to show this country not only how he could run it as prime minister but also how to finance it. In the last year that the Liberals were in power Canada had a surplus of over $47,000,000. The first year after our friends came in they had a deficit of over $87,000,000. The next year the deficit was $114,000,000, the next year $220,000,000, the next year $133,000,000, and in the year following there was a deficit of over $116,000,000. Again I use round figures. The total deficit for those five years was over $672,000,000. That is the record of their party, brought about largely by the trade policies they have followed, because it was shown here yesterday that you cannot have trade dropping off and at the same time maintain your revenue. Our friends opposite complain about the balance of trade. We find that last year we brought in from the United States only $78,000,000 more than we sold them and, as the Minister of Trade and Commerce (Mr. Euler) said the other day, our favourable balance of trade with the whole world was $280,000,000.

Now coming more particularly to the benefits which will accrue to my own province, I should like to refer to the potato situation. In one of his speeches the leader of the opposition (Mr. Manion) said he thought one county in the maritimes could supply all the potatoes we were permitted to ship under this agreement. I cannot agree with that suggestion; I do not think any county down there could produce 2,500,000 bushels of marketable potatoes, which is our quota under the new agreement. The important thing, however, is that if you take 2,500,000 bushels from the maritime provinces and ship them to the United States you relieve the situation to that extent, so that the different markets in the central provinces may be able to absorb the remainder of the crop. That is why we down there are so pleased with the provisions of this treaty.

As you know, Mr. Speaker, the duty prior to 1935 was 75 cents per hundred pounds. Under the 1935 agreement that was reduced to 45 cents, and there was a quota established of 750,000 bushels. Under the new agreement the quota has been increased to 1,500,000 bushels of seed potatoes, while the duty has been further reduced to 37½ cents per hundred pounds or 22½ cents per bushel. That is a real concession. We are permitted to ship in twice the amount of seed potatoes and matters can be arranged in regard to the months of

shipment; potatoes can be held and shipped into the United States in plenty of time for spring seeding. Then in regard to table stock, in 1935 there was no quota for potatoes of this class. Under the new agreement, however, we have a quota of 1,000,000 bushels of table stock at 37½ cents per hundred pounds, from March 1 to November 30. That gives us a total of 2,500,000 bushels that we are permitted to ship to the United States. That is what we in the maritimes have been looking and longing for during the past number of years. Quite a substantial duty remains, but I am glad to say that we have a wonderful trade in seed potatoes. I believe eighty per cent of the seed potatoes entering the United States come from Prince Edward Island. Some of the other members from the maritimes are going to deal with this question, so I will leave it in their hands, since they are better prepared to deal with it than I am.

Under this treaty free entry is granted in connection with a great many of our fishery products. Our lobster industry alone is estimated to produce $3,000,000 annually, and we are given free entry for lobsters for the duration of the agreement. This means a great deal to the Canadian fishermen because, as you know, there has been a very strong agitation in some of the Atlantic states to shut out Canadian lobsters. We also have free entry for clams, quahaugs, oysters, crabs, scallops and smelts, and I may say there is a tremendous trade in the last named fish. A splendid table was placed upon *Hansard* the other day by the Minister of Trade and Commerce, appearing at page 1068. I will not take time to read it again, but I would direct the attention of hon. members to it.

Then, Mr. Speaker, the reduced duty on dairy cattle is a big item in our part of the country. We have always enjoyed a splendid trade in these cattle, and some of the finest dairy herds in the maritimes are in the province of Prince Edward Island. One of the boys from my county exhibited his cattle successfully in Ottawa; he swept the boards at the Royal Winter Fair in competition with United States herds and then went to the United States, where he was again successful against the very best herds from the different experimental farms in that country. I think that is a real tribute to the dairy farmers of Prince Edward Island.

If this agreement will do anything to bring about a more equitable distribution of products I think we should be all in favour of it. I think we all agree that our greatest difficulty to-day is that there is too great a spread between what the farmer receives for what he sells and what he has to pay for what he buys. We have all spoken on this question. Our friends in the far corner are very strong in their views, and we appreciate their sentiments and their sincerity. But nothing concrete was done to deal with this situation until the negotiation of this treaty. The reduction of many duties, which means so much to the consumer, and the opportunity which is given the producer to widen his market, constitute the first concrete evidence we have had in this house that we are trying to bridge the gulf between the consumer and the man who has to market his products. So I think the government are to be congratulated on what they have done.

In conclusion I wish to repeat what the Prime Minister (Mr. Mackenzie King) said the other day. When the reciprocity agreement was defeated in 1911 Sir Wilfrid Laurier stated that it might be twenty-five years before another agreement could be negotiated, and he was quite correct. Would not those great statesmen of the past have rejoiced to see the consummation of such a trade pact as this? Would not Fielding, Paterson and Laurier have loved to see the triumph of the principles for which they stood? We are proud indeed that to-day we have a leader of the Liberal party who has caught the vision of those who have gone before, and who has understood so well the message expressed in the words of our own poet—

> To you from falling hands we throw
> The torch; be yours to hold it high.

Let us go on as a party. There is no doubt but that we are on the right track. This agreement gives consideration to all classes of citizens, the consumer, the producer, the farmer, the manufacturer, the labourer and the fisherman. I submit that trade is the very lifeblood of the nation. Without trade we become a decadent people. With trade we go forward to fulfil our destiny as a great and growing nation. Why should Canada fear competition? Canada, a young and virile nation, can compete with any country in the world.

Mr. T. L. CHURCH (Broadview): During the past twenty-four hours, Mr. Speaker, we have heard from two representatives of the maritime provinces. The Minister of National Revenue (Mr. Ilsley) seemed anxious to gain a few concessions for the apple growers and others of his own constituency in Nova Scotia, while the hon. gentleman (Mr. MacLean, Prince) who just resumed his seat seemed very happy over getting some little quotas for the benefit of his section of the country. This illustrates the sectional tariff program hon. gentlemen opposite have had

ever since confederation. It is a policy of everything by fits and starts, and nothing for very long. The Liberal party have had various unstable trade policies: protection, free trade, semi-free trade, unrestricted reciprocity, free trade as they have it in England, tariff for revenue only. Now there is a desire for complete reciprocity with the United States.

A few days ago the Prime Minister (Mr. Mackenzie King) spoke for two hours or more and described the various concessions and reciprocity pacts which had been made in the history of Canada, beginning with the one before confederation, which ended in 1866, which was followed by the treaty of 1877 to which the Mackenzie administration agreed but which the senate of the United States did not pass. Then he came down to the treaty of 1911, and finally discussed the present one.

In his speech the Prime Minister was cheerful about what the by-elections had done for his party. If I understood correctly what he said—and I have read his speech—he claimed that the by-elections of 1934, 1935 and 1936 were won on the trade policies of the Liberal party. That is a trade policy which I have never been able to unravel, and about which I have been able to learn nothing, simply because the Liberal party has a different policy in the prairie provinces from what it has in the industrial provinces, and a different policy for each one. It has a different policy out on the coast.

Speaking of Ontario elections he referred particularly to the one in which I took part, in 1934. May I tell him that the tariff was not mentioned in the election in my constituency, nor had it any effect whatever owing to the boon of the Ottawa agreements. It was, "Beat Bennett, and Bad Times"; and another, "End Unemployment—Vote Liberal." These were some of the promises which have never been carried out, any more than have the tariff policies and promises to that effect of hon. members opposite. I have before me information as to the vote in my constituency, and in that connection I would direct the Prime Minister's attention to the issues of the Toronto *Globe,* and other Toronto papers published the morning after the election, and to other editorials. Those newspapers stated that trade policies had nothing to do with the results of the election, but that the Conservative candidate was a man whose own record as a public official had, more than anything else, won the election. I shall not, however, refer to particular articles in the newspapers. I got fine help from our party; we were united and won.

Newspaper articles throughout Canada showed that the trade policy had nothing to do with the other by-elections. While in my opinion warm friendship with the United States is obviously of tremendous importance to the people of Canada—because, after all, they are our own kith and kin and stand for the same high principles of civilization, liberty and justice as we do—yet I believe there is more likelihood of gaining by taking a firm stand, an honest and reliable stand, than by giving way on every occasion. I believe it is like anything else worth having in family affairs or business—a fair deal on one's own side.

For instance, the people in some of the states of the union owe British investors large sums of money, but successive British governments have refused to suggest payment or raise the matter for fear of injuring harmonious relations with the people of the United States. It seems to me that Canadian interests are ready to surrender to Washington on any and every occasion. They are more careful about United States interests than about Canadian or British interests. May I say this: If there ever were a time in the history of Canada when courage and prudence are the great need of Canadian statesmen and others who control commercial and domestic policies in the country, surely it must be now.

By no stretch of the imagination could this be called an economic, commercial or business treaty. It is a political treaty, which has arisen through the failure of Canada, and other countries represented at Geneva—and Canada was one of the leaders—to do all along the line there what they set out to do. On Canada's part the treaty is a gesture of appeasement to the United States. It will be recalled that before and after Munich the whole north American continent was silent and gave Britain no direct encouragement. It was Geneva, and pacts of all kinds, which brought about Munich. No country is more responsible than Canada in that connection. Canada has gone farther and has attacked persons who happened to say such things, and has black-balled Mr. Beverley Baxter, M.P., on the radio for telling the truth that the whole of north America was silent.

Last night the hon. member for Huron North (Mr. Deachman) made some observations. He has been a free trader first, last and all the time. I have a great deal of admiration for him personally, but I think he is all wrong. I can remember when the hon. member went up and down Ontario, when the Drury administration held office in that province, and when the Hon. Mr. Drury,

in effect, said that protection was an unmitigated evil in Ontario, and had caused a great deal of suffering to farmers. The Canadian council of agriculture presented a Drury memorandum to hon. members opposite—I do not know whether the hon. member for Huron North was in the house or not at that time—in which it was stated that protection was a robber system. I have placed on *Hansard* the representations made by this council at that time, but in effect they were that protection was an unmitigated evil which had caused wide-spread disaster in the farming communities of Ontario, and should be abolished. What was the result of the policy? No manufacturer would invest a dollar in industry, in either Quebec or Ontario. Under the low tariff of that day, between 1921 and 1930, six hundred thousand of our own Canadian boys had to go to the United States to look for jobs.

I have great admiration for the people of the United States. They are a great nation. They have led the world in education, industry and other lines of endeavour, and no blame attaches to them in this regard. For those reasons one must have the utmost admiration for them. I admire particularly their smart negotiators and diplomats. They often put it all over our amateur diplomats. It would seem since confederation we have had many novice diplomats, who do not make a very good showing when they are dealing with skilled negotiators of the United States and of the older countries of Europe. Some of them went to see Hitler and others went to see Mussolini. Others did not go so far; they went to Washington in order to make Washington the Ottawa of the south as Sir Wilfrid Laurier was going to make Ottawa the Washington of the north.

Several tariffs have been passed in the United States, and special reference was made the other day to the one in operation at the time the great war broke out. The Underwood tariff continued during the period of the war, and exports from the United States to Canada increased considerably. This was known as the United States emergency tariff. Then, in 1921, the Fordney-McCumber tariff, to which special reference was made by the hon. member for Parkdale (Mr. Spence) when he described its effect on fruit and vegetables and dairy products, was the highest tariff wall in the history of tariffs against the people of this country.

We now come down to 1930, and it will be recalled that the Hawley-Smoot tariff, which was in effect before the election of that year, at which time I sat in the house, was practically prohibitive so far as Canada's exports to the United States were concerned. It brought this country to the verge of ruin, and it and others from 1921 on drove hundreds of thousands to the United States. Under that tariff, imports from the United States went away up and our exports went away down. Our total exports to the United States in the year ending March 31, 1930, were valued at $515,000,000, whereas in the following year they dropped to $350,000,000. Then, under the Hawley-Smoot tariff, during the five year period United States exports to Canada exceeded our domestic exports to the United States by $1,296,000,000. That shows how we succeeded as negotiators. In the last five years from 1933 to 1938 the United States sold Great Britain £563,000,000 more goods than the United States bought from her.

In my opinion the Great Britain-United States treaty and the Canada-United States treaty will cut right across the Ottawa agreements and virtually nullify them. Let us not bother about the preferences sections provisoes, because, in effect, they are merely scraps of paper. We have to judge the treaty by history and in the light of experience. Let us not forget the lessons history has taught us when we are considering the reciprocity tariff schedules.

On May 26, 1937, at the imperial conference the proposed United States treaty was discussed. On that occasion Australia was the only opponent. That country, with only 7,000,000 people, had bought from Great Britain more goods than had the United States, with her 125,000,000 people. This high-sounding talk about lowering tariffs in the United States does not seem much to me, when we realize we are dealing with a country which in the past had the highest tariff in the world, and to obtain the new pact will cause the greatest sacrifices Canada has ever been called upon to make.

I object to the method which was used in negotiating the treaty. We have a tariff board; we have a Department of Trade and Commerce; we have boards of trade; we have labour bodies, we have agricultural bodies—all these were ignored in the consummation of the treaty, although matters of great magnitude were being discussed. Let us compare what was done in the United States and in England, with what was done in Canada, at the time the treaties were being negotiated. In the United States they took industry, labour and agriculture into their confidence. Sixty days were given in which to file objections with the United States Department of Commerce and with the Interstate Commerce Commission. Second, it gave them four months within which to appear and

give before a tariff board their views and any objections they might have, on a list of articles which was tabled in this house on February 15, 1938. That is the way in which the United States went about the business.

What did Canada do? I asked the Prime Minister in the house at the time. Oh, he said that Canada could not do it in that way, inasmuch as the President of the United States had certain powers by which he could of his own initiative negotiate a 50 per cent reduction in tariffs for three years. The United States always speaks with two voices on trade matters, defence and foreign affairs. There are always two voices speaking for the American people. One is the president's voice, or the ambassador side, with his power to negotiate a 50 per cent reduction in the tariff for three years. The other voice is that of congressional side, consisting of the Senate and House of Representatives, and that is the voice with newspaper and public opinion behind it in the various states. I have seen scores of United States newspapers which denounced Chamberlain and Britain, and only three of them supported the stand he took at Munich—the Washington *Post,* the New York *Times* and the Cleveland *Plain Dealer.* It is the same with this treaty, which has been introduced with a flourish of trumpets and all that.

The mother country herself is doubtful about this treaty. I doubt if it would ever have been thought of or considered by the British government had it not been negotiated by two free traders, namely, the Right Hon. Oliver Stanley and the Right Hon. Malcolm MacDonald. I can tell the house a great deal about MacDonaldism, past and present. Under the MacDonaldism of the past, which failed, Germany would have won the war. They would have won it if Ramsay MacDonald had had his way, and then later he became Prime Minister of Great Britain in a Conservative administration, which shows what a short memory Britain has. The son, the other member of the family has been negotiating this treaty. He is also a free trader, and I doubt if Britain would ever have agreed to this treaty had it not been for the failure of Geneva and disarmament brought about largely by pacifists, the advice of Canada and MacDonaldism past and present. Malcolm MacDonald has been saying that the British empire is in great danger of being destroyed, and is in peril. I do not know anyone who has done more to help bring such a thing about than MacDonaldism past and present, and their pacifism, and free trade fallacies and insecurity, which brought about Munich.

This treaty, negotiated by these two right hon. gentlemen Stanley and MacDonald, on behalf of Great Britain, does not commend itself to the wisdom and judgment of the British people. Read the trade organ of the British manufacturers, with returns for February and April of last year, and January this year, and you will see that the British manufacturer is very much alarmed about this treaty and has denounced it as fatal to Britain and the empire. It has been negotiated over the heads of industry in Great Britain, over the heads of labour and over the heads of agriculture, by two free traders in the Chamberlain cabinet. But for the failure of Geneva, and the spirit of the dictators, Britain would never have consented to this treaty. They never would have consented to it if Canada had not asked for it, and only because Britain was disarmed and unable to defend itself. Canada has led Britain into this treaty against her own free will. Britain and France appointed former Premier Van Zeeland of Belgium to make a report on what should be done regarding trade and foreign affairs, and the very thing which the two hon. members from the maritimes have been pleading for here in the past twenty-four hours is one of the things that Van Zeeland condemns, namely, quotas and favoured nation treaties. The hon. member for Lanark (Mr. Thompson) showed last night that the quota provided by this treaty for cattle, dairy cows and calves is a farce, that Mexico could ship into the United States on the first day of the treaty almost as many cattle as Canada has under the quota in this present treaty.

The treaty contains provisoes about the British preferences, but the provisoes will not amount to anything and are jokers because Britain, when this treaty terminates at the end of three years, will have made other arrangements and will have forgotten all about the dominions who tried to get away from the Ottawa agreements. Those Ottawa agreements were twice blessed: They increased the trade from Great Britain to Canada forty-six per cent, as Mr. Chamberlain said in speaking on the last budget, and they increased trade from Canada to Great Britain forty per cent. Mr. Stanley and Mr. MacDonald and other free traders contended that the Ottawa agreements would ruin Britain's foreign trade, but they did not do so. Under the Ottawa agreements Britain's trade with foreign countries went up nearly one-third, and Canada's trade with foreign countries went up also twenty-five per cent.

The Ottawa agreements were the consummation of the life-work of Joseph Chamber-

lain. It took twenty-six years, 1906 to 1932 to attain them. In an address after the South African war at Leicester, England, he proposed an economic trade union between the Teutonic race, Germany, and the two great branches of the Anglo-Saxon race, the United States and Great Britain, because they led in industrial power, arts, science and education. But his proposal failed. Had that been brought about we would never have had a world war. Joseph Chamberlain's real policy was one of preferential trade treaties within the empire, and he carried on his great tariff reform campaign from 1906 onwards. Had he succeeded even in this there would not have been a world war in 1914. He died in 1914, just about the time of the war. It took twenty-six years, from 1906 to 1932; and as a tribute to the magnificent contingents sent during the war by Australia and Canada, this magnificent system of British preferences started in 1906 was to be applied in the Ottawa agreements of 1932 to wheat, on which a preference of six cents a bushel was given when carried on British ships, and other concessions were given on other food products, on lumber and dominion food products entering the British market.

But all that, Mr. Speaker, is now being scrapped for this semblance of a trade treaty with the United States for political, not economic purposes. So far as this treaty is concerned, it is here to-day and gone to-morrow; for the Republican party and Governor Landon are pledged to repeal it after the next election in 1940.

The Minister of Trade and Commerce (Mr. Euler) pointed out to me the other day in the house that there was a proviso that if the United States ever abrogated this Canada-United States treaty we could go back and link up with the old former British preferences accorded under the Ottawa agreements, but I say that this proviso will be only a scrap of paper and will never be acted upon, because by that time Britain will have made other arrangements and these preferences that were granted to us in grain and food products will have gone forever and beyond recall.

When it comes to the three per cent excise tax, which is taken off the commodities covered by the Canada-United States agreement, that was about the only slight protection which a great many of our smaller producers had. The concession which the government is making in part will largely benefit the rich, but the small man will lose the only three per cent protection he has. The treaty will also be a blow at empire shipping on the great lakes and the St. Lawrence, because our shipping will lose the preferences which we now have under the Ottawa agreements on grain carried in British ships. It will also ruin our home market and our empire market for our own products, and our own work for our own workmen, and our own empire markets for our own products. We will now have to share all this with the United States, in order to please her and cater to her for favours.

We have annual tariff tinkering, and that, plus the two reciprocity treaties covering a wide and now greatly extended range of articles, high taxation, and the lack of security for industry, agriculture and labour, will cause a dislocation of industry, will certainly instil doubt and fear in the minds of our producers and manufacturers, and will cause widespread unemployment in industry in Canada, reducing the number of jobs for Canadians in Canada. It will paralyze and destroy the fruit and vegetable industry by increased competition and lack of any protection. It will increase the use of California and Florida products by Canadians at the expense of our own products. Would the United States buy from South Africa or from Canada fruits and vegetables at the expense of their own producers in Florida and California? No. It will lead in Ontario to less cultivation of the fruit and vegetable and dairy lands near industrial centres and cause greater losses to these home industries that are already suffering and unable to meet low production costs or sell their produce because it does not pay the cost of labour to assemble it for sale, and is mostly unsalable.

Why destroy the home market for fruit and vegetables entirely? The tariff was 30 per cent; it was cut in 1935 to 15 per cent; and it is now 10 per cent. Such a sacrifice of Canadian interests to please and appease the United States may be welcome to the Minister of National Revenue (Mr. Ilsley) and the hon. member for Prince (Mr. MacLean). What do they care about the rest of Canada so long as they can get a few special favours and advantages for their own home counties at the expense of the Ottawa agreements and the general good of Canada and quotas on apples and potatoes?

By agreements such as this Canada will be driven into the pan-United States orbit for trade, defence and migration, rather than rearming in a proper way for the security of people in times like these and cooperating and working with Britain. I fear this will be an empire-wrecking agreement. Washington will become the economic centre of the British empire. None of these policies was discussed in the last election. Do you suppose, Mr. Speaker, that the Prime Minister referred

to these matters in the nine provinces in 1935? I never read of his doing so. Oh no, he had a separate trade policy and a separate reciprocity proposal for each of the various provinces, which proposal varied greatly as he travelled across Canada.

For a long time the present government were bitter opponents of the Ottawa agreements; they did all they could while in opposition to belittle them and to threaten to abrogate them. Then the Prime Minister, with the general election of 1935 coming on, had to turn a right-about-face on that particular question, and in a statement said he would not repeal them but would extend their scope.

There is nothing outstanding about this new treaty achievement. The most outstanding thing I can see about it is that Canada is playing the part of Santa Claus to the entire population of the United States; it is distributing favours to 125,000,000 people in that country at the expense of trade and industry and labour and agriculture in our own land, and the people of the United States will never shoot at Santa Claus—oh, no. No jobs will come to Canadians in Canada as a result of this treaty, notwithstanding what was said about it in that celebrated press release. It was a "release" certainly, in a real sense, because one effect of it will be to release tens of thousands of people who are now employed, people who will lose their jobs and perhaps be ruined as a consequence of this lowering of tariffs and continual tinkering with reciprocity pacts, as in the present treaty. The press release blessings of the treaty, experience will show to be a myth.

There has been much flourishing and blowing of trumpets about the joy at the passing of this agreement. The joy will be turned into sorrow for Canada when the results of the second reciprocity treaty appear after one or two years' experience. The first one, in 1935, is admitted by all trade organizations to have been a failure. It has now been widened to include hundreds of other articles. As has been pointed out by two speakers from the maritimes, no doubt it contains some small advantages to very small sections. A few more apples and potatoes and dairy products, such as cream, here and there; a few more cattle here and there, some additional lumber, can be sold, with a reduction of 50 per cent on fish, potatoes, lumber, grain, live cattle and other agricultural products, and some metallic and non-metallic articles, but I predict, when it is all added up, that it will be like the treaty of 1935, of doubtful value even for those favoured districts and sections of Canada by the time they get through with it. It will cause the grain industry to seek a north and south outlet, and make for pegging forever and bonuses for wheat, as it does in hard wheat, to Canada's disadvantage, and destroy our natural markets since confederation for grain through an east and west traffic and an overseas market to Great Britain and her allies and other world markets. It will mean the further bootlegging of our hard wheat in United States elevators and mixing it up with their inferior grades, not only injuring Canada's shipping by rail and water, but also facilitating exports of flour, bootlegged and milled in the United States, to the European markets as Canadian No. 1.

This treaty is called the most momentous achievement of all Canada. It is held up in the house in eulogy for applause, and commended in flights of ecstasy. These flights of ecstasy will mean nothing when we get the trade returns, even for one year. There is nothing at which government supporters have stopped short in praising the treaty; it is supposed to be one of the seven wonders of the world, like the pyramids of Egypt and Niagara falls. After the next presidential election it will be relegated, by whatever party succeeds there, to cold storage, and we shall not then be able to get back our preferences: in spite of what the Minister of Trade and Commerce (Mr. Euler) has said, we shall have lost them.

The United States negotiators may fool some of our Canadian negotiators some of the time, but the experience of history is that they cannot fool the Canadian public all of the time with such gestures of one-sided trade benefits.

Since the demise of the *Morning Post* the press of England have been rendering unanimous lip service to the United States and to the League of Nations. That is not the way to get the United States back with us. Read the United States papers; go into any reading room in any of the main cities and look at the chain papers. Outside of a few newspapers I have mentioned they are bitter in denouncing Britain. Do not forget that United States policy for defence and trade purposes is one of isolation, a resolve to keep out of foreign affairs and all commitments and wars unless they are attacked or invaded. It is the same policy which George Washington and Andrew Jackson had; their policy is that of the American people to-day. This treaty has been denounced in most of the United States papers. Instead of securing peace and appeasement between Canada and the United States it will cause more trouble and dissension with Canada than ever. The appeasement argument has been worked too long. The treaty is the result of the complete

failure and burial of the League of Nations, which was to have removed international trade barriers, but has promoted more strife than peace. After its failure in achievements, the race was on to go to Washington for appeasement by means of these treaties. The league has gone up in smoke and is in ruins, and this agreement is the result of the new Washington trade treaty league of nations, and to appease the United States and get her help, something that is indispensable, by the Johnson act and the Ludlow resolutions.

With few exceptions, we get our news, published in the Canadian papers, with regard to Britain and this treaty through United States chains of newspapers. In my opinion the 1935 treaty was a mistake and a failure.

Recently I read this dispatch:

From Ottawa comes the report that if the Conservatives wax critical of the United States trade agreement signed at Washington last week the government is ready to make it a major issue in the general election which will likely be held next year.

I say, let the next election come, and it cannot come too soon for Canada's good. I am not one of those Conservatives who apologizes for the share the Conservative party had in the defeat of reciprocity in 1911, an agreement by which the grain trade would have been diverted to north and south; industry and agriculture would have been seriously injured, and would have made paupers out of our soldiers for the cheap boon of reciprocity. That reciprocity treaty would have made a Lazarus out of a country that Laurier professed to have made a nation.

In his last budget speech the Minister of Finance (Mr. Dunning), summing up the condition of Canadian-United States trade in the fiscal year which ended March 31, 1938, said:

Total exports of that country—

The United States—

—fell six per cent below the figure for the previous year to a total of $343,000,000, while imports, at $487,300,000, showed an increase of nearly 24 per cent.

A correspondingly adverse trend did not occur in the British market which absorbed more of our products than in the previous year.

That is the situation which existed under the 1935 agreement with the United States, which the Prime Minister has now agreed to continue and expand. It is interesting to note that it flouts the very principle essential to international trade, and which he eloquently expounded when he laid the 1935 agreement before parliament. He said in the house at that time:

The government of the United States and the government of this country were actuated by one and the same motive, namely to make an agreement that would be equally beneficial to both countries. Could anything destroy the agreement more effectively than that it should be shown in the course of the next three years that one country had got considerably the better of the other? Would not the effect of an agreement reached in that way be to destroy the possibility of its continuance beyond the period of three years?

The Prime Minister apparently feared that it would, if Canada had not the best of the bargain. But when the balance swung against Canada, as the statement I have quoted of the Minister of Finance indicates that it did in the last fiscal year, the Prime Minister forgets it all and hastens to Washington to continue the agreement and extend its operation for another three years to several hundred new articles as well.

The whole question in connection with the treaty amounts to this: Are Canadians willing to see Great Britain open her markets to the United States on the same terms as she gives the dominions? Britain can take only so much bacon, butter and meat. Are we prepared to check the development of the dominions by selling less to the United Kingdom? Are we prepared to help the fruit growers of the southern United States in order that Florida and California may be able to sell in Canada the surplus fruits grown in those states at the expense of our fruit and vegetables?

As I see it, this treaty is free trade and anti-imperial. Our negotiators have driven the dominion out of the British market in order to act the part of Santa Claus to our United States competitors. All we can do here is to hold a post-mortem into it all which will end only in talk.

After all is said and done, not a line of the treaty can be changed or a comma inserted in it, or any amendments made, and it is only shadow-boxing for the Prime Minister to say that we shall go into committee on the resolution and consider the bill in detail on three readings; we can change nothing in it. When we get down to brass-tacks, the House of Commons will become in actual practice, nothing but a house of yes men and a house of nodders, and the whole treaty has been consummated over the heads of industry, labour and agriculture and of parliament in session. So far as this treaty is concerned, the executive have usurped the functions of parliament, and the private member has ceased to exist. It is enough to make the dictators laugh at our democratic way of doing things. Talk of Hitler and Mussolini! Where does the private member

stand when all this has been done over his head? He is supposed to be the connecting link between the government of the day and the electorate, and when he ceases to function Burke says that all parliamentary government is at an end. As I say, not a line of this treaty can be changed here by us. This tremendous transaction, which may involve the ruin of many of our industries and of our agriculture, and labour, and cause widespread unemployment, was carried out over the head of parliament.

The United Kingdom cannot possibly give the United States the kind of trade treaty which the Americans ask for without reducing drastically the amount of preference which dominion goods receive in the United Kingdom markets and British goods receive in dominion markets, or without reducing the degree of protection which British goods now enjoy in their own home market. Why were not industry and labour consulted before such root and branch changes were made in our tariff? Why destroy preferences beyond recall? Why create a Pan-American orbit to please the United States and drive Canada into it for trade, defence and migration purposes? What is parliament for? What is our tariff board for? What are boards of trade and labour unions for? Have they no stake in the country? What mandate has the government? Talk of free parliaments; they are now abolished and can only hold a post-mortem. The manner in which the treaty has been negotiated calls for constitutional, parliamentary and cabinet reform. The system is vicious and cannot last. It is deplorable to think of a treaty of such magnitude and such importance being launched without any prior consultation with the business or labour community. Washington, not Ottawa, has become the economic capital of Canada and it will in time become the economic centre of the British empire. The Anglo-American treaty means the end of the Ottawa agreements and the end of British preferences, and it is the forerunner of the dissolution of the British empire.

The proposed agreement is in no sense a business or commercial treaty; it is a political one to gain the friendship of the United States from European and dictators' menaces. Already there is an adverse balance of trade between the United States and Canada, because we are buying many millions more worth of goods from them than they are from us. The adverse trade balance between Britain and the United States is five to one against Britain. Australia buys from Britain more than the United States does.

The new agreements will have disastrous results on imperial unity, and England can no longer devote itself to the cause of empire development and make it effective. What it is going to do is to break up the great Anglo-Saxon confederation known as the British empire and not as the English-speaking union say, "unite the great Anglo-Saxon people." It allows the United States to function as an entity but refuses the same to the dominions. These same people have been misled about the United States before—witness the Irish treaty, the Indian Act, the League of Nations, the treaty of Versailles, the Kellogg pacts; for to please the United States we passed all those pacts. To please the United States we also chased Japan and Italy into German arms.

These unilateral agreements by Canada and Australia will mean the destruction of the Ottawa agreements, and the United States will now become the economic centre of the British empire. The reason for this right-about-face by the government is the danger of the European situation and to secure the support of the United States for its Canadian anti-empire foreign policy. This new agreement will largely nullify the greater benefits which the Ottawa agreements in the years to come might have conferred upon the British empire as a whole, prolong the drawbacks in Canada which business is carrying at present, and lead to widespread unemployment in Canada as well as lead to additional burdens and an increase in taxation, which social services and unemployment are placing on the two central provinces of Canada, that pay now 80 per cent of the cash taxes of Canada.

That is the result, immediate welcome in certain quarters, but you will see the end of it very shortly. This agreement will ruin forever inter-imperial trade, and as Great Britain has to import 80 per cent of her food and almost 100 per cent of her raw materials she will now have to depend on foreign countries. We had an economic unit, the British empire, and under the Chamberlain program let me point out what that unit is. It consists of the British commonwealth of nations, with a population of 450,000,000. Its trade constitutes one-third of the trade of the whole world. Here are some facts. The United Kingdom buys 20 per cent of the total value of her imports from the major dominions, while she sells to them about 26 per cent of the total value of her exports. The dependent empire buys from her somewhat more than half her total exports of iron and steel, wood products, pottery, glass, cutlery and hardware, 60 per cent of British exports of electrical goods, 75 per cent of wearing apparel,

paper and cardboard. But for the dominions exclusive of Great Britain 54 per cent of their exports are sold outside the empire, while about 50 per cent of their imports come from sources outside the empire. Bulking it all together, in this empire of 450,000,000 people, our position is being destroyed by the loss of preferences.

Mr. JOSEPH NEEDHAM (The Battlefords): Mr. Speaker, I do not rise to condemn this trade agreement, but I wish there had been coupled with it a policy providing some benefits to our own Canadian people. I am not so much concerned with foreign markets as I am with our market at home.

Mr. MacNICOL: This treaty kills the home market.

Mr. NEEDHAM: If I saw coupled with this agreement a policy under which our own people would be enabled to enjoy their own production to a greater degree than they can at the present time, it would have been welcomed all over this dominion. When this agreement was signed last November it was acclaimed in the press as a wonderful achievement, as something that would be of great benefit to Canada and to the Canadian people. But many people are still looking for the benefits that were to accrue from the trade agreement of 1935.

The Prime Minister (Mr. Mackenzie King) in presenting this agreement to the house outlined very fully what he had in mind and what he hoped this agreement would do for this dominion. He said that the Canadian producers in every part of the dominion will share in the benefits. And he went on to outline the benefits to the fishermen in the east, to the potato growers, the fox farmers, the producers of maple products, the dairymen, cheese factories, the growers of hay and of wheat, barley and clover seed, the lumbermen, paper mills, and those raising horses, cattle and poultry. He then dealt with the great benefits resulting to the mining industry.

Referring to the increased quotas for cattle, of which so much has been said, I find in this month's issue of *Canadian Business* the statement that the former quotas on heavy cattle, calves and dairy cows were all increased last month—referring to November —but the former quotas in 1938 were unused by 45 per cent, 74 per cent and 33 per cent respectively. Therefore many will question whether great advantage is to be obtained from increased quotas.

I notice that the Prime Minister did not mention agricultural implements, of which special mention was made in 1935, when the trade agreement reduced the tariff from 25 per cent to 12½ per cent and the price of agricultural implements went up, not only once but twice. I do not see any change under this agreement in the tariff on agricultural implements. He also said that this agreement means increased purchasing power, and made special mention of Alberta. It may mean increased purchasing power, but I am wondering whether the government have taken any steps to see that the reduction in tariff is passed on to the consumer. I have not heard anything from the Liberal side as to whether this phase of the agreement is receiving attention. I have asked housewives whether they can see any change in the prices of the things they buy for the home, and I have yet to find one that can say she has found any benefits that came into effect on January 1.

The Prime Minister said that the consumers will benefit from the removal of the special excise tax of three per cent. Those benefits should be apparent by now.

Mr. LEADER: The excise tax is not yet removed.

Mr. NEEDHAM: Well, the tariffs are down. I also notice that the Prime Minister had the same thing to say in regard to the 1935 agreement. Speaking on February 25, 1936, as reported in *Hansard* at page 515, he said:

> —to producers and consumers alike, it will assist our railways, will bring about an increase in purchasing power, and which may help very materially to lift our country out of the depression from which it has been suffering for so many years and to restore an era of prosperity and of better relations with other lands.

The same things were said then as have been repeated this year. But the real test is, did the trade agreement of 1935 produce those results?

Mr. MacNICOL: No, it did not.

Mr. NEEDHAM: Did it bring that era of prosperity? Of course the Liberal side now say, time only will tell; you cannot judge it yet. But this is only the 1935 agreement carried a little further. No doubt it will increase the amount of goods passing between the two countries; that is to be expected. But will it tend towards a solution of our economic problems? Will it give more security for the Canadian people? Increasing the amount of goods passing between the two countries may work to the detriment of Canada. The sales of the two countries may increase, and if they do, in the same proportion as at present, we will be much worse off three years hence than we are to-day from

the standpoint of trade, because of the large adverse balance of trade with the United States.

I believe the first function of a government should be to look after the welfare of its people and to see that they are provided for in every possible way. I repeat that there is something seriously wrong when the people of this country cannot enjoy the wealth they produce. I will not dwell upon our resources and our equipment to produce all these things, about which we have heard so much, but it is said that we need markets. The best market Canada can have is her own market at home, which should be supplied to the saturation point before we become very much concerned about exports. I would ask the Prime Minister (Mr. Mackenzie King) these questions: Are our people getting all the food they can eat? If not, why? Have our people the warm clothing they need in this cold weather? If not, why? Have they decent homes in which to live? You need only look at the slums in our cities and the shacks on the prairies for an answer to that question. Are our old people, many of whom did the pioneer work of this country, enjoying the fruits of their life work, with that feeling of security to which they are entitled? Again I ask the question: If not, why? It seems to me these are questions the Prime Minister should answer. If we ask the unemployed, they will have an answer. If we ask the transient youths, they will have an answer. If we ask the part time worker or the farmer, they will have an answer.

There is one thing, Mr. Speaker, that grieves me more than anything else as I travel through the older settlements of my own province, and I have no doubt the same thing applies to an even greater extent in Manitoba. I find the second generation renting the homes in which they were born, from mortgage companies, the homesteads of their parents. That is becoming more and more prevalent in these days, and I think it is one of the things that should be the first concern of this government. If our people were properly provided for in regard to the necessities of life we would not be bothered with heavy surpluses of various commodities. It is common knowledge that we have a large carry-over of butter and similar commodities, which is being kept in cold storage while our people are not able to buy them. Last summer in the west it was reported that there were three million pounds of whitefish in storage in Winnipeg, not because the people of the west could not consume that amount of fish but because they were unable to purchase it. It was also reported that application had been made for a closed season on whitefish in Manitoba for this winter, in order that the surplus might be consumed.

So, with thousands of our people lacking the bare necessities of life, I question whether it is the best policy for us to be devising ways and means of sending out of this country more cattle, hogs, milk, cream, potatoes, butter and similar commodities. We know that our exports can be paid for only by imports. If our people have not the value of the goods that are exported—and if they had, it would not be necessary to export them, because they would be consumed at home—how are they going to buy the imports that are necessary?

I have been reading a small book published in 1937, by the Secretary of Agriculture of the United States, in which he sets out some of the serious problems they are facing in that country. I should like to quote a few sentences from that book:

Every new device—

I think he has in mind the fact that the lack of purchasing power in the hands of the consumer is largely due to the advent of machinery, which does away with the distribution of wages with which the necessities of life may be purchased.

Every new device has meant that a continually larger number of farmers' sons and daughters have moved to town.

I think this can be applied to Canada one hundred per cent. Then he goes on to say that the per capita consumption of wheat, at five bushels, has remained unchanged for years. Since 1918 they have produced forty per cent more milk with only a fifteen per cent increase in dairy cows. Their increase in pork and lard is eighteen per cent with nine per cent fewer hogs. Chickens are producing more eggs per hundred pounds of feed than they were twenty years ago. Now listen; he says there seems to be good reason to believe that in the decade just ahead there will be continued the trend which characterized the decade of the nineteen twenties, when the manufacturing industries, at the end of that decade, were able to turn out forty per cent more goods with two per cent less man hours; the mining industry five per cent more goods with twenty per cent less man hours. The railroads were able to haul the same quantity of material with twenty per cent less man hours. The nation's total output increased forty-six per cent with an increase of only sixteen per cent in the number of workers. In 1929 about eighty-eight per cent of all the processing of farm products was carried on by corporations. Prior to 1929 very few people

felt that corporations had much to do with booms and depressions. Now we know that they have much to do with them, because the worker has no bargaining power, nor has the farmer any bargaining power, selling to a corporation, except in times of extreme shortage, and the same applies to the purchase of almost all the articles we buy. Here he gives what he would term a solution:

> Profits made from inventions should be used in correcting the economic problem created by the machine.
>
> It is possible to make the machine the servant of man, and not the master. These advances in both industry and agriculture provide the material out of which we might construct a more ample life for all our people. The benefits should be distributed to those who need them.

One would almost think he was a social crediter. But, listen:

> Let us not expand exports as an end in itself, instead of a means. Unless we can buy back the goods sent to us in exchange for our goods, it does not do any good to increase the volume of exports.

This is something which I think demands our very serious consideration.

I repeat: Canada's best market is represented by the huge unsatisfied wants of our own people, and when those needs are supplied we can then turn our attention to securing markets abroad.

All hon. members recall that ten, fifteen or twenty years ago, when mass production was coming into its own, it was thought that it would be one of the greatest advancements, and would do much towards solving our difficulties and making for a richer life. But it did not turn out that way, did it? The natural thing to follow mass production should have been mass consumption. However, that was a part which was not attended to, and no provision was made for it. The mass production was by machinery, and wages were not distributed to buy back the production. Goods began to pile up.

How did the manufacturers act? Some of you can well remember when that intensive advertising program was put on, when it was thought that by that means they could get rid of their production. That program was effective for a while, but it was not sufficient. Then, what followed? They began a system of selling on the instalment plan, and made use of high pressure salesmen. That relieved the pressure for a little while. But still goods piled up faster than they were being sold or consumed; and then the depression struck. That was going on not only in Canada, but the world over. And so I say that accompanying mass production there must be mass consumption. If the government were making provision whereby the people of Canada could buy to the limits of their needs, they would be provided the most effective way of meeting the present situation.

I am not condemning the trade agreement, but I am saying the government should have given more attention to seeing that the people are provided with at least the necessities of food, clothing and shelter. Those were the things pledged by the Prime Minister in 1935. If ever a prime minister had a mandate from a country to carry out his pledge, certainly he had it.

No doubt many hon. members are, I was going to say, concerned, with the attitude of the group to which I belong, when we press for monetary reform. That is what we were sent here for. That is what our constituents pledged us to, and we pledged our abilities to that one end. And so we will press on through this session; and as long as we are here we shall have the same story to tell. I say that because I do not believe there is any solution to the problems facing Canada, unless it be through the economic system we advocate, one which would make such provision as would enable the people at least to enjoy what they produce.

This trade agreement is in reality a fixing of tariff rates and certain quotas between the United States and Canada. It seems strange to me that for over half a century governments have been monkeying with these tariff rates. Surely by this time they should have found the proper relationship or proper balance, one with the other. Yet they seem to be just as far away from it as ever.

I am fully aware that from the point of view of tariff this is a difficult country to govern. We have differences of view in different parts of the country; some advocate low tariff, some high tariff, some no tariff at all; and so it goes. But I would back up the suggestion of the hon. member for Rosthern (Mr. Tucker) who, speaking in the house last week, pleaded with the government to make at least a start towards relieving the situation by purchasing outright, with debt-free money, the bonds coming due this year, thus relieving the taxpayers of $14,000,000. There would be a beginning from which point the development could be enlarged. But it is high time the government sought in some other way than by trade agreements to solve the economic problems of the country.

I wish to place on *Hansard* the considered opinion of the group to which I belong with respect to the trade agreement. It is as follows:

We believe in the principle of freer trade with other nations, but say that while there is

so much want and poverty in Canada, the first concern of this government should be the welfare of the Canadian people.

We reaffirm the statement we have often made that foreign markets are not a solution to Canada's economic problems; that our troubles are due not so much to the lack of external markets as to the restricted consumption at home. Restricted consumption means restricted markets; restricted markets mean restricted production. This in turn means further restricted purchasing power.

We believe that the bases of all prices for both primary and secondary products should be cost of production plus a fair commission. To that end we favour a proper adjustment of tariffs or subsidies, not to benefit one class only but for all citizens; that exchange rates should be fixed by agreement between nations, having regard to the price levels of the various countries, and the rates necessary to give each of them approximate equilibrium. When this is accomplished the general price level will remain stable.

The object of each nation should be to keep its imports and exports as near equal as possible over a period of time, so that international trade would become an exchange of goods and services between nations to their mutual advantage, instead of a desperate struggle by each to lower its price level with a view to underselling others.

Mr. RALPH MAYBANK (Winnipeg South Centre): Mr. Speaker, the debate this afternoon, to me at any rate, illustrates how very often hon. members can be in agreement upon one point or another, and yet, on the whole, and particularly in respect to the conclusions at which they arrive, can be in complete disagreement. In spite of points in common, they can, in general, hold to views so wide apart that one would think it was quite impossible for them ever to come together. No person I fancy can be in closer agreement than I with the hon. member for Broadview (Mr. Church) when he indicates keen desire to see continuance of the British empire. Nor can there perhaps be more complete disagreement between two people, than there is between us when he suggests that the manner of ensuring its continuance is to insist upon trade going there which might more profitably go somewhere else. And so on with respect to the remainder of his speech. As soon as we get away from his remarks indicating his desire for a continuance of the empire, there seems to be a very thorough disagreement between him and me with regard to his beliefs. And so it is very often. Many of us have the same aims, but we cannot agree at all upon the necessary procedure.

Likewise with reference to the hon. member who has just spoken (Mr. Needham), often throughout his speech I found myself in agreement with him. For example, no one, I think, would controvert his statement that trade entirely within a country is the best possible kind of trade for such country, because if trade can be effected entirely within a country, we have a producer producing within the country, and then the carriage to the consumer within the country, thus providing employment for those engaged in the transport industry. Next we have the complete manufacture, shall we say, of a second commodity, which in turn is carried by the same transport workers back to the person who produced the first. Economists, I think, have always been agreed that this is the most advantageous form of trade. But our position is that we could not possibly, with the sort of production we have in this country, have our trade confined entirely within the country.

The hon. member speaks of mass consumption meeting mass production. Well, it would simply mean liquidating the mass of the people in this country if you attempted to have mass consumption at home of all the wheat that is produced in Canada, or of the cattle we produce.

Mr. NEEDHAM: May I just interrupt to say that I did not advocate anything of that kind at all.

Mr. McLEAN (Melfort): You certainly did

Mr. MAYBANK: I have no objection, Mr. Speaker, to being interrupted, but I thought the hon. gentleman was going to ask a question. He may not have intended what I have just now been indicating, but certainly mass consumption, as he called it, could not within Canada keep up with what we raise or produce in this country, and as respects a very large amount of our production nothing can be done with it except sell it to the people of some foreign country. Mass consumption —it just can't be. We could not for a moment consume all the nickel we produce, which I understand comprises the greater part of the world's supply. Likewise with our wheat, our cattle, and many other products.

But again my hon. friend and I come to a point of agreement when he says that you cannot sell if you do not take back goods in exchange; perhaps not from the person to whom you sell; the settlement of international indebtedness is often roundabout. While you do not always take back products from the person to whom you sell, you must take goods from somewhere in exchange for those you send out of the country.

That shows, Mr. Speaker, the extent to which persons can be in complete disagreement with respect to the means of bringing about what they consider desirable. I say at once that I am heartily in favour of this treaty because of the tariff reductions it makes. My view is that tariff reductions are good in themselves. That is my general position. There might be some particular drastic tariff action downward with which I might disagree, but because of the tendency of the low tariffs towards mitigating the cost of living pressure on the consumer, I always favour tariff reductions. I agree at once with the hon. gentleman who has last spoken, that a treaty such as this is not a complete solution of the economic conditions of this country, nor could it be of any country; but it has a tendency at any rate, because of the tariff reductions, to reduce the cost of production to the primary producer.

There are other reasons for supporting the treaty, aside from the reductions to which I refer; for the treaty on its export side is better than it is on what I might call its import side. That is, its encouragement of the exportation of goods from this country is perhaps more important than the part of the treaty which deals with the so-called concessions that we give to the United States. But primarily, just on account of the tariff reductions that are being made, I am strongly in support of the treaty.

I do not hold very much with the statements that have been made anent the danger of this country being flooded with cheap foreign goods. In the first place, no goods can be sent into this country unless the nation sending them in takes payment for them in some of the goods we produce; either that country or some other country must take the goods we produce in settlement of the goods we buy. It is true, as I have said, that international indebtedness may be settled in a roundabout route.

It is possible, although I do not see much indication of its probability in this treaty, that factory workers, for instance, might be displaced, but goods could not come into the country without Canadians being given employment to produce goods with which to pay for them. It just is not possible. Persons in this country must labour to produce goods to pay for the goods which come in. Personally I have no desire to see any man put out of work, be he a factory worker or engaged in any other work. I do think, however, that it would be well, when we are considering this situation, to have in mind the classification of persons in this country into their several callings.

[Mr. Maybank.]

According to the last decennial census in Canada we had gainfully employed in agriculture about 1,100,000 men and 24,000 women. They made up 28·7 per cent of the population. In forestry, fishing and trapping we had close to 100,000; the percentage was 2·5 of the total population. For mining, quarrying, oil and salt wells the percentage of the population was 1·8 per cent. I believe that in the period since the last census the percentage in that particular industry will have been greatly increased.

Coming to manufacturing, we have 16 per cent of the population employed in it, and likewise 16 per cent of the population dependent upon those so employed. In electric light and power the percentage is one-half of one per cent; in construction, 6½ per cent; in transportation, 7·8 per cent; in trade, 9·9 per cent; in finance and insurance 2·4 per cent; the services generally, as they are called, account for 19·5 per cent. There were a certain number of people, about 165,000, not particularly categorized, and representing 4·3 per cent.

Bearing in mind that classification of our people, I think we are bound to say that a tariff reduction having any tendency at all to cheapen goods is bound to benefit by far the great majority of the people of this country. Again, we should remember that one of our largest customers both in respect of imports and exports is the United States of America. This treaty has affected 58 per cent of our total import trade from them. It makes reductions in the duties on a large number of items, not that it makes any difference how many items there are, on account of the fact that they amount to 58 per cent of the trade; and these reductions go all the way from very small amounts up to a complete wiping out of the tariff; a 100 per cent reduction.

As has been pointed out already in this debate, every section of the public in Canada is affected by the cheapening of the costs of production. We have a right to consider not merely the general consumer but the fishermen, the lumbermen, the farmers, and the miners. That is, they are to be considered as producers, and this treaty cheapens the cost of production. But aside altogether from that, there is a general benefit to that person whom we sometimes call the consumer. Of course all are consumers.

In order that we may see the effect of some of these reductions I have noted one or two of them. For example, take cotton woven fabrics, unbleached. In 1935 we had a tariff of 25 per cent plus four cents per pound specific tariff, and on top of that, of course, the well known three per cent excise tax.

By the former agreement, effected in 1935 and brought into effect on January 1, 1936, we cut that down to 20 per cent, and the four cents specific went down to 3½ cents. To-day's agreement reduces that to 17 per cent, plus three cents per pound. With this difference, however: In the former agreement the reduction which I have spoken of left the three per cent excise tax untouched. Under this agreement the three per cent excise tax will also be taken off. I suggest that this will involve a total reduction of probably 35 per cent on the tariff as it was before the time of the first agreement.

In 1935 we were able to buy half a million dollars' worth of these goods, but as a result of the reduction effected by the last treaty we were able in 1937 to purchase one and a third million dollars' worth. There is not much doubt that by reason of further cheapening now, we shall be able to buy a great deal more.

A similar story might be told regarding cotton dyed fabrics. In 1935 we were able to buy $889,000 worth, but through the reductions I have mentioned—a little different in respect of these dyed fabrics and the unbleached ones, in 1937 we were able to buy about one and a half million dollars' worth. Through to-day's further reductions we should be able to purchase more than we have done in the past.

Taking now the case of cotton apparel, I find this. We had at first a duty of 35 per cent plus four cents per pound plus three per cent excise. This was cut to 30 per cent and 1½ cents a pound plus the three per cent. To-day this is being reduced to a straight 30 per cent, and all this represents a total reduction of 23 per cent. We bought to the value of $882,000 in 1935 and over one and a half million dollars worth in 1937.

A similar story can be told with reference to a very large number of items, such as engines and boilers, Diesel engines, aircraft engines, ore crushers, refrigerators, boots and shoes, pharmaceutical preparations, as well as a host of other goods.

If we were to dwell at this moment on the export side of the treaty, a commensurate improvement could be noted. But this is not at the moment my intention. As I have said, there is to be a further reduction of the three per cent excise tax. This tax was put on sometimes between 1930 and 1935, and it was imposed, as hon. members will remember, upon all or nearly all imports. It was levied not on the price of the goods but on the price plus the duty, so that this three per cent has more often turned out to be a tax of three and a half to five per cent. Not so very often five per cent, but there are instances when it was as high as that.

I agree with hon. members who have hitherto spoken with reference to this subject that while under this agreement the three per cent tax is to be taken off only those articles named in the agreement, this practically means a complete repeal of that excise tax. I do not know whether logically it would have to be repealed in respect of every article, although I have not been able to think of many articles on which it might be retained. But I agree with the speakers, mostly on the Conservative side of the house, who have stated that complete repeal must be the result. The difference however, between me and these Conservative speakers is that they speak with disapproval of the repeal of the three per cent excise, while I, on the other hand, welcome it, and am very glad indeed that the tax will come off not merely those articles which I mentioned in the treaty, but others as well.

I have mentioned that this tax was usually more than three per cent. In order to illustrate the importance not merely of some of the tariff reductions but of the excise repeal in particular, I might draw to your attention, Mr. Speaker, the case of artificial silk wearing apparel. Prior to 1936, in respect to that item we had a duty of 50 per cent plus the three per cent special excise. This made a total effective tariff of, not 53 per cent, but 54½ per cent. In 1936 this was cut down to 31½ per cent, plus the excise tax. To-day this is being further reduced to 30 per cent, without the excise tax. This, I figure, represents a total tariff reduction of 45 per cent. I must add, however, that, with a tariff of 30 per cent, these articles are still a highly protected product.

I might have said that I desired to introduce that particular illustration for the purpose also of drawing attention to the favoured nation clause of the treaty. It is true that the reductions which are effected in this agreement with respect to United States goods apply to a great many more nations than the United States. For example, this artificial silk apparel will come in from France at the same rate of duty as that charged when it enters from the United States. There are certain points of difference between some speakers and myself with regard to the favoured nation clause. It has been said several times that we give these tariff concessions to more nations than those to which the United States gives corresponding concessions. I do not know that from my point of view it matters much, but it does not happen to be true that our concessions go to a larger number of nations than do the United States concessions. The contrary is the fact. We have made treaties con-

taining this favoured nation clause with quite a number of nations: The Argentine, Austria, Belgium, Bolivia, Brazil, Colombia, Costa Rica, Czechoslovakia, Denmark, Esthonia, Finland, France, Germany, Guatemala, Haiti, Hungary, Italy, Japan, Latvia, Lithuania, the Netherlands, Norway, Panama, Poland, Portugal, Roumania, Russia, Salvador, Spain, Sweden, Uruguay, Venezuela, Yugoslavia. The United States on the other hand have not made agreements with quite so large a number of nations. The nations with which they report having agreements are: Cuba, Belgium, Haiti, Sweden, Brazil, the Netherlands, Switzerland, Honduras, Colombia, Guatemala, France, Nicaragua, Finland. Salvador, Costa Rica, Czechoslovakia, Ecuador.

That list is clearly a shorter one than ours, but although the United States have the favoured nation clause in all these agreements and although we have it in all ours, and ours is a larger list, the fact of the matter is that the United States concessions are granted to every nation whether they have an agreement with that nation or not. The appropriate American document sets forth the changes in import duties to every country in the world with the exception of Germany, and, at the time this particular pamphlet was published, January 21, 1937, Australia. They did not give any concessions to either Germany or Australia, but with respect to Australia the situation may have changed in the meantime. From my point of view, however, it does not matter very much that when the United States confers a benefit upon us it promptly gives it to a larger number of nations, nor does it matter to me that when we make an agreement with the United States we promptly give the concessions to twenty-three or twenty-four or thirty nations. Personally I should be glad to see the ambit of the privilege enlarged rather than restricted.

I freely admit that I was bitterly disappointed last year because there were no tariff reductions throughout the whole session. I realized, of course, what the position was. We could have had tariff reductions then, but had they been effected, it is probable that in the intervening period between sessions we would not have been able to persuade the United States to make the reductions in their tariff we have now been able to obtain, and consequently it was probably worth while to wait in order to obtain a benefit for the exporting section of our people at the same time as we should confer a benefit upon the general consumer through reduced import duties.

As I have said, I think the export side of the agreement is even better than the part dealing with our own tariff reductions, in spite of the fact that there are numerous important reductions in our own duties, some of which I have mentioned. With reference to the side of the agreement designed to assist our export trade, I do not desire to speak at length but only sufficiently long to make two observations. The first is that the United States reductions by which our exporting public are benefited affect a trade of $327,500,000; and that this is 83 per cent of the total export trade to the United States. The total trade last year was $493,000,000. Now the point I wish to make particularly, is this, that this $327,500,000 worth of export trade is really $327,500,000 worth of Canadian labour; for there is little, if anything, that is produced that cannot be reckoned in terms of the labour that is in it. We thus open to our exporters a market of 130,000,000 people, affecting trade of the size stated, and as soon as this is done there is given an enormous impetus to Canadian employment.

The other observation I desire to make with reference to the exportation arises out of the lament of opposition speakers, that we have surrendered privileges to Great Britain. It is said that we have given up certain privileges we had in the British market and that this is a matter of regret. It is, however, a fact that by giving them up we brought the United States and Great Britain into an agreement. Aside altogether from that, however, we drew material advantages from our action. The United States gave to the British people certain privileges, and by reason of the favoured nation clause in our treaty, those privileges automatically and immediately came to us also. Our potential trade with reference to a great many of the articles on which concessions were granted, is very great and we get, almost like a direct benefit, this benefit under the British treaty by reason of our favoured nation clause in this agreement.

For example, varnishes from England are reduced from 25 to 15 per cent and automatically we get whatever benefit there is in that. In our commerce reports, paints and varnishes are not separately categorized, but we did a total business in those lines of $911,000 last year. Of that trade $52,500 or 5·7 per cent went to the United States. It went in at the 25 per cent United States customs level. It will now enter, by virtue of the British agreement as it affects varnishes, at 15 per cent, which represents a tariff reduction of 40 per cent.

Again, graphite is one of our exports. Last year we exported $142,000 worth, of which

$69,000 went to the United States. The tariff wall against it was 30 per cent. By reason of the agreement now consummated with England that duty has been cut in half, reduced to 15 per cent. The benefit to Great Britain we also get, by reason of the most favoured nation provision. If the demand for graphite were what the economists call an elastic demand, we might expect the doubling of our exports to the United States by reason of the treaty. However, I shouldn't care to follow that line of argument too far, or I might get into the position of the girl who was selling hens from eggs not yet laid.

One other item in the British-American treaty that took my attention is pig-iron. The duty on pig-iron entering the United States from Great Britain was cut by 40 per cent, from $1.25 to 75 cents a ton. Again by reason of the most favoured nation clause that rate comes to us. Last year we exported 21,352 tons of pig-iron, valued at $412,000. Of this the United States took the major part, 16,000 tons of a value of $322,000. It is now 40 per cent easier for us to enter the United States market by reason, first of all, of the releasing of Great Britain from certain engagements she had with us and the consequent effecting of the Great Britain-United States treaty, and by reason of the fact that we have a most favoured nation treaty with the United States herself.

In fact our dealings with Great Britain in this respect illustrate to me peculiarly the wisdom of casting bread upon the waters. I speak with considerable humility, because I cannot claim, as some might be able to do, that I have always fully observed the tenets of religion or the axioms of ethics. I have, however, always believed that these tenets and axioms, when actually applied in business dealings, abundantly demonstrate their truth. No one disputes the wisdom of the golden rule as a general rule of life; it is accepted, even if only theoretically, by everyone. As an economic rule it is equally sound. The best way for this nation to help itself is to help some other nation. Let a nation bring health to another one or increase the health of another nation, and at once a condition is set up which is bound to bring material benefit to the first nation, usually with great promptness. The doctrine, "Do unto others as you would that they should do unto you," which is known as a sound rule in the moral world, is, I submit, also a sound and salutary rule in the world of economics.

Mr. GORDON GRAYDON (Peel): In rising to take part in the discussion of this important resolution, and in attempting to interpret the views of the constituency I represent in this house, I should like first to remind hon. members that this session of this eighteenth parliament of Canada is being subjected at this moment to perhaps the most critical and interested observation and examination that any parliament has undergone for a considerable number of years. To those of us—and there are many hon. members who can speak with just as much conviction on this point as I—who try to live close to the people and the problems of those whom we represent, comes forcibly in these days the realization that the general public is tired of all the old-time platitudes, the old political nostrums, whether done up in the old-time parcels or with new wrappings; they are also tired of talk not based on common sense and sound judgment and not leading to definite action. So, as I approach the discussion of the new trade agreement between Canada and the United States, I do so with the studied purpose in mind that we must consider first of all the welfare of our people, all other considerations being secondary.

It is only natural and proper that the government of the day should stress all the advantages which the treaty appears in their eyes to offer. They will stress its great importance so far as international understanding is concerned. They will stress the need for Anglo-Saxon unity in these days. They will stress the view that the volume of this country's business will be advantageously affected, and that certain classes of producers in this country will benefit by the agreement. That the government supporters take that attitude is exactly what I should expect. But the prospective advantages under this agreement as seen by the general public may not appear quite the same as they do to those who so ardently support the agreement in this house. On the other hand we may also say that those who find the agreement likely to be so devastating to our national life might perhaps tone that theme down a little too, just as in the case of a man in public life. He is not quite so prominent or brilliant a figure as his friends and his party say he is, nor is he quite such a national liability as his political opponents may attempt to prove.

Under our British parliamentary institutions and our constitutional practice it is the job of the opposition to leave the advantages of a measure to be stressed by the party responsible for it, and it is our duty as the opposition to point out the weaknesses of this agreement and make sure that the people of Canada understand both sides of the problem presented to them. There are none of us who say that we disagree with the movement

towards Anglo-Saxon unity in these days. But on the other hand surely it can be said with some fairness that a few changes in the customs schedules of our country are not likely to be the major factor in bringing the cautious United States into European entanglements. More than that, surely political imagination must have run wild when some hon. member suggested that it was going to be a great factor in fostering international goodwill. I cannot imagine—although perhaps there are those in the house who can—that Herr Hitler is apt to shake and shiver and then mellow into gentle affection towards us because the Canadian fruit grower loses some of his protection in the sheltered market of Great Britain. We disregard the depth of the roots of international misunderstandings if we allow ourselves to be influenced by such arguments as that. I believe that, so far as the promotion of international goodwill and understanding is concerned, the treaty has only the puniest possibilities at best. Strongly as I may feel with respect to the effect of the agreement on industry and agriculture in my own constituency I am bound to say that it will be judged by its results by the people of Canada.

During another debate this session the suggestion was advanced that some hon. members were opposed in principle to wider markets for our products. Surely that is a far-fetched suggestion for any hon. member to make. I have never heard anyone say in this house that we should not go after wider markets for our products; but I have heard it said, and I subscribe to the doctrine, that when we approach the world for a larger share of its markets we must make sure that the price we pay for that larger share is not either out of reach or out of reason as far as our own people are concerned. More than that, in reaching out for wider markets and deeper and broader channels of trade we must also bear in mind particularly the fact that the standard of living in our country must not be reduced by virtue of any wholesale diminution of our tariff barriers. In addition, a further safeguard must be taken into consideration, and that is the protection of our home market, in defence of which I believe far too little is said in this house. With these safeguards in mind I believe there are few members of this house but would be in favour of wider markets for all our products.

I do not think anyone will deny that when the 1938 agreement was entered into, agriculture and industry were confronted with very unsatisfactory conditions. We were receiving low prices for our field crops and the products of our gardens and orchards, and in addition we had a stagnant industry in this country. In many instances we had low wages; unemployment was widespread, and business faced the future without confidence. This after three years under the 1935 agreement. So perhaps we on this side of the house, and the public at large, may be pardoned if we cast somewhat questioning glances at the possible effects of the new agreement which has been negotiated. I am one of those who believe that a Canada in which abundant prosperity obtains for both agriculture and industry will provide the strongest possible unit in the chain of empire. That seems to me to be one of the greatest possible contributions we can make as a valuable member of an economic and political commonwealth of British nations.

I probably know the situation in regard to industry and agriculture better as it exists in the county of Peel than as it concerns Canada as a whole, and may I tell the house that this agreement does seriously affect us. Imported building and paving brick has to meet a duty of only 15 per cent now as compared with 20 per cent previously. Knitted garments have lost their specific duty protection of 25 cents per pound, while the duty on socks and stockings has been dropped from 32½ per cent to 20 per cent ad valorem, with the specific duty pared from $1.35 a dozen pairs to $1. The protection has been reduced on boots and shoes from 35 per cent to 30 per cent. Ruled and coated paper manufacturers, whose plants in Brampton are not to be equalled anywhere in Canada, have had their protective duty reduced from 32½ per cent to 27½ per cent. Copeland-Chatterson, Limited, which is favourably known throughout the dominion as a company making superior quality loose-leaf systems, now will have to face an already highly competitive market with protection on electro-plated parts for loose-leaf binders reduced from 33¾ per cent to 25 per cent, which, with the removal of the excise tax, means a difference of nearly 12 per cent.

But, Mr. Speaker, while all these things are important, at the moment I am particularly concerned with the effect these reductions will have upon the workingmen employed in these particular industries. To-day many of the workingmen in my district have great difficulty in making ends meet, and some fail to do even that. It is difficult to see how the terms of this agreement will be of any benefit to those people who toil in our plants, who work hard for every cent they get, especially when the products of the workmen of another country, which compete with their own products, find

freer access to our markets. You may say, "Oh, yes, but the men on the soil will fare better than those in some of the industries you have described." Perhaps I have not painted the complete picture, and I shall do so as quickly as possible. In another address in this house this year I dealt with the question of the concessions given by the United States on cattle and milk. I need not go into that further at this time, except to say that many farmers were of the opinion that the export quota under the treaty of 60,000 cattle per quarter was for Canada alone. No wonder cattlemen in my riding and throughout Canada were disappointed and discouraged when they found that almost half that quota was filled by Mexico in January of this year. Then, after the quota had been open for one month, we found that we could not ship any more cattle under the lower duty. To-day I picked up the February 16 issue of the weekly live stock market report, published by this government, which states that during the previous week we shipped to the United States 39 beef cattle, 170 dairy cows and 886 calves. I need say no more in that regard; every farmer in Canada will understand that language.

Now may I hurry on to a discussion of the effect of this agreement on another important industry of which the people of my county are proud. I have spoken previously in this house about the great horticultural industry and the flower growing concerns which are so important to the welfare of my riding. In the town of Brampton we have over forty acres covered with glass and heated the year round. The budget of 1930, which was brought down by the present Minister of Finance (Mr. Dunning), gave us the protection of a 40 per cent duty against United States competition, because of the tremendous drawbacks with which we were faced in regard to the expense of heating, variations in climate and so on. It is true that this was a countervailing provision, but in any event we were given that protection. Under the 1935 agreement, however, the duty was entirely removed from all cut flower products coming from the United States, while the duty in that country against our products remained at 40 per cent. I, along with members from all sides of the house protested at the time, and in the budget of 1936 the 40 per cent protection was again put in force, equalling the amount of the duty collected by the United States.

We expected that this would be all we would have to suffer from trade agreements. But in this agreement we find that the duty has again been reduced from 40 per cent to 25 per cent. True, there is a countervailing provision; but may I say that while some of us were hoping the treaty would not contain any provision prejudicially affecting the cut-flower producers, we have been very much disappointed. I know that the cut flower producers and others engaged in horticultural pursuits are willing to await the practical results of the treaty itself. In the meantime, however, I am told that the producers in Brampton are experiencing some loss of business in the maritime provinces and to some extent in the western provinces as well. May I ask, if the 40 per cent protection was regarded as essential in 1930 and was still considered necessary in the budget of 1936, what changes have taken place in the industry since that time to warrant the reduction to 25 per cent? That is a question which may reasonably be asked. In that nine year period they have not experienced any great prosperity; on the contrary they have suffered many adversities.

Of course, the plant operators constitute one factor. The men working in the plants are another. Those of us who have been hoping through all the years that wage levels would be raised and that there would be more security for the people working in the plants have been doomed to disappointment. All we can do now is to hope the agreement will not work as badly as has been suspected.

I come now to another important branch of agriculture, namely the fruit and vegetable industry. Vegetable growers generally have felt that under the 1935 agreement they bore a greater share of the burden of concessions given by Canada to the United States than did almost any other group in the country. The results have shown that very largely they are right. While imports of all commodities increased during the three years of the last agreement by something like 30 per cent, the increase in importations of fresh vegetables increased not by 30 per cent but by over 53 per cent in the same period. I submit they had a right to expect no further burden to be placed upon them under the present treaty.

But what happened? On three main fronts they have had to give ground under the present treaty. First of all, there was the cut in the general tariff on vegetables coming from the United States to Canada. Under the previous arrangement, which obtained between 1930 and 1935, there was a broad, general tariff of 30 per cent against vegetables coming in. Under the 1935 agreement the rate was reduced by this government to 15 per cent. Under the present agreement there is a further reduction to 10 per cent.

But in addition to that there is the question of added values. Advanced valuations were

first placed by the Bennett administration on fresh vegetable products coming into Canada. The changes which took place in that connection are important. When the 1935 agreement came into effect, these values, which were really the major factor in the protection of the vegetable grower, were reduced by 20 per cent from what they were previously. In the latest pact a limit has been set upon the period in which the advanced valuations may be applied. In most instances these periods are shorter than obtained previously. For example, in connection with beans coming into Canada, the period was shortened from 131 days to 98 days; on celery, from 196 days to 182 days; on lettuce, 146 days to 126 days. There is no added value protection on spinach.

The third main front on which vegetable growers had to give way was in connection with the three per cent excise tax. The vegetable growers have taken up the matter in an organized way. One of their problems is this: With the restriction upon the period in which advanced valuations may be made, the point arises as to whether or not that period should be at the earlier or at the later part of the season. A conflict now looms up between the early and late producers. In the opinion of those more qualified to give an opinion than I am, it may result in confusion in the industry.

My plea to the government is this: I would ask it to give some consideration to the splitting of those periods, so that the growers, both early and late, will be able to get some advantage from the restricted periods for advanced valuations which are now in effect.

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

Thursday, February 23, 1939

The house met at three o'clock.

PARLIAMENTARY RESTAURANT

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

That Messieurs Barber, Bertrand (Prescott), Fafard, Fraser, Goulet, Gray, Hill, Landeryou, MacInnis, MacMillan, Macphail, Moore, O'Neill, Pinard, Purdy, Rhéaume, Roberge, Spence, Taylor (Norfolk) and Tustin be appointed to assist his Honour the Speaker in the direction of the restaurant as far as the interests of the Commons are concerned, and to act as members of a joint committee of both houses on the restaurant.

Motion agreed to.

[Mr. Graydon.]

COMPANIES ACT

CONTROL OF PROFITS AND DIVIDENDS OF PROTECTED INDUSTRIES—OBLIGATIONS TO EMPLOYEES AND PUBLIC

Mr. MAXIME RAYMOND (Beauharnois-Laprairie) moved for leave to introduce Bill No. 31, to amend the Companies Act, 1934.

Some hon. MEMBERS: Explain.

Mr. RAYMOND: Mr. Speaker, last year the royal commission appointed to investigate the textile industry in Canada made its report, which was tabled in the house during the session. The report shows that textile manufacturers, while continually complaining of insufficient tariff protection, have for a number of years enjoyed the advantage of customs duties. This tariff protection is a privilege secured by them from parliament upon representations that their workers would benefit by increased employment and better wages. Unfortunately, the facts revealed at the inquiry show that these companies, far from fulfilling the obligations entailed in the privileges granted to them, have taken advantage of these privileges to make exorbitant profits and distribute scandalous dividends and bonuses to their shareholders, while paying workers less than living wages. The object of this bill is to put an end to such abuses and to come to the aid of the worker, by enabling the Secretary of State to obtain information regarding the operations and management of industrial enterprises enjoying tariff protection, and to exercise some control over their profits and their dividend payments; in brief, to see that they carry out their obligations towards their employees and the public.

Motion agreed to and bill read the first time.

BANK ACT

REDUCTION OF RATE OF INTEREST OR DISCOUNT FROM SEVEN TO FIVE PER CENT

Mr. P. J. ROWE (Athabaska) moved for leave to introduce Bill No. 32, to amend the Bank Act.

Some hon. MEMBERS: Explain.

Mr. ROWE (Athabaska): The amendment, Mr. Speaker, is designed to reduce from seven to five per cent the rate of interest or discount permitted to be charged by banks. With the general reduction of interest rates on government and municipal bonds, and the reduced rate of interest on deposits at present paid by the banks, there should be a corresponding reduction by the banks in the interest rate charged to borrowers.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ROYAL CANADIAN MOUNTED POLICE—PHOTOGRAPHIC EQUIPMENT

Mr. PERLEY:

1. Did the Justice department or any other branch or department of the government during the years of 1935 to 1938, purchase photographic equipment for the royal mounted police in Regina, or for any part of Saskatchewan?
2. If so: (a) from whom was the equipment purchased; (b) what was the nature of the equipment; (c) through what dealer was it purchased, and (d) what was the price paid?

Mr. LAPOINTE (Quebec East): This has to be answered by many departments.

CADETS IN CANADA, BY PROVINCES

Mr. MALLETTE:

How many cadets are there in each of the nine provinces of the dominion?

Mr. MACKENZIE (Vancouver): As at 31st August, 1938: Prince Edward Island, 986; Nova Scotia, 1,496; New Brunswick, 1,381; Quebec, 42,290; Ontario, 22,288; Manitoba, 1,578; Saskatchewan, 1,004; Alberta, 1,104; British Columbia, 1,036.

CANADA'S TRADE COMMISSIONER IN GERMANY

Mr. FLEMING:

1. Has the government of Canada any representative in Germany, acting as a trade commissioner?
2. If so, has this trade commissioner tried to dispose of Canada's surplus farm products in Germany?

Mr. EULER:

1. The Canadian Government trade commissioner in Berlin.
2. Yes.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PARLIAMENT BUILDINGS—SCULPTURING AND OTHER ORNAMENTATION

Mr. CLARKE (Rosedale):

1. What expense has been incurred by the dominion government in the last three years for sculpturing, carving, or other ornamentation, both inside and outside the centre block of the parliament buildings?
2. What are the names of all persons engaged on this work?
3. What was the domicile of each such person at the time of his engagement for such work?
4. How long has each of such persons been resident in Canada?

DEPARTMENT OF TRANSPORT—MARINE SERVICES ON GREAT LAKES, CANALS AND RIVERS

Mr. MARSH:

1. What is the total cost of all marine service steamships, including lightships, etc., used on the great lakes, canals and rivers, by the Department of Transport?
2. What was the annual cost to maintain the above mentioned ships, as well as all other aids to navigation, for the years 1920 to 1938, inclusive?

WELLAND CANAL—COST AND REVENUES

Mr. MARSH:

1. What was the total cost of Welland canal until date of official opening, including total cost of all necessary property in connection with this undertaking?
2. What is the cost of wages and operating expenses, including all electric power, paint, repairs, bridges, dredging, etc., each year, from date of official opening until present time?
3. What is the interest to date on bonds or moneys necessary for the building of the canal?
4. What is the total revenue derived from use of canal to date?

CIVIL SERVICE EXAMINATION FOR TORONTO MAIL PORTERS

Mr. MULOCK:

1. On what date was the last examination held by the civil service commission in the city of Toronto for mail porters?
2. How many persons tried this examination?
3. How many were successful?
4. How many of those who were successful on this examination have been taken on and received employment as mail porters in this district?
5. How many successful candidates on this civil service examination have not received employment?
6. Has the civil service commission invited applications for a further examination for mail porters in this area?
7. If so, will the present list be abolished, and on what date?

CIVIL SERVICE EXAMINATION FOR TORONTO LETTER CARRIERS

Mr. MULOCK:

1. On what date was the last examination held by the civil service commission in the city of Toronto for letter carriers?
2. How many persons tried this examination?
3. How many were successful?
4. How many of those who were successful on this examination have been taken on and received employment as letter carriers in this district?
5. How many successful candidates on this civil service examination have not received employment?
6. Has the civil service commission invited applications for a further examination for letter carriers in this area?
7. If so, will the present eligible list be abolished, and on what date?

NATIONAL HEALTH

INFANT MORTALITY IN CALGARY—QUESTION OF FINANCIAL ASSISTANCE TO EXPECTANT MOTHERS

On the orders of the day:

Mr. C. E. JOHNSTON (Bow River): I wish to direct to the Prime Minister (Mr.

Mackenzie King) a question of which I have already given notice. On December 19, 1938, the city clerk of Calgary, Mr. J. M. Miller, directed a letter to the Prime Minister as follows:

Right Hon. W. L. Mackenzie King,
Prime Minister of Canada,
Ottawa, Canada.

Dear Sir:—

The special health committee of the council of the city of Calgary, in meeting recently, gave consideration to a report from the city's Medical Officer of Health, Dr. Hill, wherein it was stated that infant mortality in the city of Calgary, as elsewhere in the Dominion of Canada, was overly heavy due to the fact that expectant mothers were not being given any financial assistance either by the dominion, provincial or municipal governments. Dr. Hill believed, and so stated in his report, that the situation in this regard could be considerably improved upon if an expectant mother was assured some financial assistance during the period of her confinement.

The council adopted the recommendation of the special health committee, that this matter be directed to the attention of the senior governments, with a request that the same receive early and favourable consideration.

May I ask the Prime Minister what action, if any, has been taken in this matter?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am sorry I am not in a position to answer the question at the moment, but I imagine my colleague, the Minister of Pensions and National Health (Mr. Power) will be able to do so.

Hon. C. G. POWER (Minister of Pensions and National Health): So far as I was able to catch the question, with the noise that is going on in the chamber, I take it to be a request by the city council of Calgary that the federal government look after the hospitalization and medical care of certain citizens of that city. In reply I may say that under the British North America Act, section 92, the hospitalization of the citizens of any province is entirely under the control of the province. The federal government has control only over quarantine hospitals.

TRADE AGREEMENTS

CANADA-UNITED STATES—CONTINUATION OF DEBATE ON MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

The house resumed from Wednesday, February 22, consideration of the motion of Mr. Mackenzie King that the house go into committee on the following proposed resolution:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. GORDON GRAYDON (Peel): When the house rose last evening I was discussing the advanced valuations in connection with vegetable imports into Canada, and with particular reference to the shortened periods to which those advanced valuations now apply under the new treaty. Perhaps I should add that not only were the periods shortened under this agreement but the amount by which the valuation may be advanced was at the same time reduced. I take a memorandum prepared by the Canadian Horticultural Council as my basis for giving four examples to show how the progressive lessening of tariff protection for vegetables has worked out during three periods in the last few years. First of all I take the period under the Bennett administration; secondly the period under the 1935 agreement; and thirdly, the period under this last agreement which has been entered into. I want to put on *Hansard* these four examples of the differences in protection:

	Assumed value		Under Bennett	Under 1935 agreement	Under 1938 agreement
Carrots	87 lb. crate	(1.25)	2.73	1.65	.88
Beans	35 lb. hamper	(1.00)	1.43	.95	.67
Beets	76 lb. crate	(.90)	1.97	1.01	.93
Celery	71 lb. crate	(1.25)	2.13	.83	.74

These, however, must be regarded as maximum total duties which only exist for a short period each year. For the balance of the year only the general tariff protection remains.

In the Dunning budget of 1930 the plight of the vegetable growers was recognized and a general tariff protection of thirty per cent was provided, but that was not regarded as sufficient at the time and in addition to the thirty per cent the then Minister of Finance (Mr. Dunning) applied for the first time minimum seasonal duties on imports into Canada. Up to the 1935 agreement the minimum seasonal tariff remained, and was supplemented by Mr. Bennett's advanced valuations in order to give further protection; but in 1936 the policy of progressive lessening in protection commenced. Let us see what has happened in the meantime to suggest to the government that we should have less protection for this kind of farm produce.

Since 1930 many conditions have changed, but all the conditions that have changed would call for a tightening and a raising of the tariff rather than a lessening of it. There developed in the meantime a much improved system of refrigerator transportation, which permits of fruits and vegetables from the United States arriving here in almost as good condition as when they left the field. In addition there has been an increase of nearly forty-five per cent in the production of fresh vegetables in the United States, and at the same time a reduction in the unit value of such commodities in the domestic market there. We must also take into consideration the numerous bonuses and subsidies given by the United States government on these and other farm products. Added to all these changed conditions, in the last eight years there has been a most comprehensive program of advertising of American fresh fruits and vegetables, not only in the United States but extending over here also.

The vegetable growing industry in Canada to-day is in a most vulnerable position, perhaps the most vulnerable that it has ever occupied. I need only point out one thing by way of evidence—I do not want to overstate the case, and of course if I do there are those who will pass judgment upon it. In a press release of November 21, 1938, by the executive of the Ontario Vegetable Growers' Association, meeting in Toronto, they said:

> The trade agreement, with its serious reductions in both tariff and seasonal protection, will make it impossible to produce vegetables in Ontario on a commercial basis.

In the county I represent, in addition to the other types of vegetables, we grow potatoes. It is well therefore to make mention of the position of that branch of agriculture under this new agreement.

Before the agreement went into effect Canada imposed a tariff of 75 cents a hundredweight against United States potatoes the year round. Under this agreement potatoes come in from August 1 to June 14, ten and a half months of the year, free, and for the rest of the year the duty is cut in half. But the concessions by the United States to our potato growers are not so sweeping. Prior to this agreement our duty and theirs were the same, namely, 75 cents a hundredweight. They gave us a reduction of half, to 37½ cents a hundredweight for nine months, and for the other three months they cut off only 15 cents. But, as with cattle and milk, the inevitable quota crops up, although there is no quota upon the importation into Canada of United States potatoes.

As has been pointed out many times by those who are perhaps in a better position to do it than I am, the vegetable growing industry of this country is very much underestimated. If there is any branch of agriculture that is in real need of adequate statistics at present, it is the vegetable growing industry. Figures of the bureau of statistics would lead one to believe that only a small percentage of our agricultural production comes from this branch of agriculture. But it is the considered opinion of most people who know that in the vegetable growing industry in Canada to-day there is an annual production value of between $150,000,000 and $200,000,000. If the government had known the true extent of this industry I believe that its protection would not have been jeopardised as it has been. Let us have a true picture of the vegetable growing industry in this country. If necessary we might divert some of the funds voted for the Department of Agriculture each year to an effort to provide an adequate picture of its extent and value.

I leave the vegetable growers for the moment and come to an important part of our horticultural industry, namely, fruit growing. By treatment similar to that given to the vegetable growers in Canada, the fruit grower has also suffered. In addition to the removal of the three per cent excise tax on imports from the United States, there has been a progressive reduction in the duties. The agreement of 1935 reduced our general tariff from 25 per cent to 15 per cent, and now this agreement reduces it again to 10 per cent. In addition, the "added values" have been reduced, and moreover the time during which those "added values" are to be applied has also been diminished.

I should like to read into the record a brief statement showing exactly how this progressively decreased protection works. I take again a memorandum of the Canadian Council of Horticulture as a basis for my statement:

	Invoiced at	Amount of duty		
		Under Bennett	Under 1935 agreement	Under 1938 agreement
Cherries, 11 lb. case	.75	.81	.62	.44
Pears, 50 lb. box	1.25	1.00	.77	.68
Strawberries, 33 lb. crate	2.00	1.65	.92	.78

As in the case of vegetables these must be regarded as maximum total duties which only exist for a restricted period each year. For the rest of the year the only protection is the general tariff.

But we went further than that, because this agreement was linked up with the agreement between the United Kingdom and the United States. Under the empire trade agreements the apple grower in Canada obtained a sheltered market in the United Kingdom, to the extent, using our own currency, of about $1.08 a hundredweight. That is, the United States grower in shipping his apples into the United Kingdom market had to jump a hurdle of $1.08 before he could compete on equal terms with the apple grower in Canada. Following that change there was a great revival of business among the apple growers of Canada. It put a great many of them on their feet. But under this new agreement the protection in that sheltered market has been cut from $1.08 to 72 cents a hundredweight.

I am not able to agree on all points with the Minister of National Revenue (Mr. Ilsley), although I know that in many matters his judgment is good. But the fruit growers I represent are not quite so complacently satisfied with the terms of the agreement as those in the minister's constituency are said to be. I can only suppose that his engaging personality and convincing power of argument must have been in evidence to induce his growers to take that view. In any event most of our people feel that this reduction to 72 cents is sufficient to allow the United States apple grower to jump the fence and compete with us in England.

I have nothing further to say in that regard, except to make one plea on behalf of the fruit and vegetable men at this time: that with all these changes in protective tariffs something will have to be done internally for this branch of agriculture. I say that most seriously. In the meantime, until we have an opportunity to restore some of these tariffs, I suggest that we do as they did in Ontario some years ago, namely, launch, with some kind of government assistance, in cooperation with the growers themselves, an "eat home grown fruit and vegetables" campaign among the housewives of Canada. I am sure the housewife is not always aware of the fact that when she buys carrots from the States while our products are available, she is interfering with the livelihood of some who are her Canadian friends in the vegetable and fruit growing districts. We should advertise and popularize our home grown fruit and vegetable products, because for deliciousness and flavour there is nothing to equal them on the other side of the line or anywhere else in the world.

I want to give this instance, in closing. One of my friends in the county of Peel wanted to exchange a box of apples which he had grown for a crate of oranges which a friend of his had grown in the state of Florida. When he went to ship the box of apples, he found that it cost him $4.14 to ship it to Homestead, Florida. When the man in Florida shipped the oranges back in the same box it cost only $3 to land that box in the county of Peel. I made inquiries and I received this explanation from the Canadian National Railways: You can ship a crate of oranges from Florida to Toronto for somewhere around $3, but this is due entirely to the fact that the United States has a special rate in effect from Florida to Canada to encourage the shipment of Florida oranges. In other words, it is just another subsidy.

I draw that to the attention of the house for the purpose of showing that we as Canadians must wake up. If we are going to protect our own growers we must do something other than lessen tariff protection while providing nothing in compensation by way of subsidization or organized assistance. That in short, Mr. Speaker, is the case of the fruit and vegetable growers in Canada, and I cannot over-emphasize the probable effect of these new arrangements upon that industry and those engaged in it.

In conclusion may I repeat that Canadians should await the practical results of this new agreement before rising to the heights of hilarity over its advantages. Common sense, if nothing else, dictates this course. Our job in this house is to legislate towards a better and a more prosperous Canada. In pointing out some of the obvious weaknesses in this pact we as members of his majesty's loyal opposition have, according to the best British parliamentary traditions, discharged our obligation to the people of the dominion. The final responsibility rests with the government.

Mr. W. G. CLARK (York-Sunbury): Mr. Speaker, the trade treaty with the United States means a great deal to the province of New Brunswick, as well, of course, as to the other provinces of this dominion.

New Brunswick is one province which was not entirely carried away by the 1911 loyalty cry, because it returned in the election of that year a majority of supporters of the Right Hon. Sir Wilfrid Laurier. Expressions of regret have been heard ever since that many were influenced by the political issue then made of loyalty to the British empire, because after the election it was clearly realized that

it was only a political cry, and that the reciprocity proposals, had they not been defeated by that cry, would have been of great economic benefit to the maritime provinces.

The leader of the opposition (Mr. Manion), speaking in the house on Friday on this trade agreement, made certain statements about the 1935 general election returns, rather implying that the Liberal government elected was not representative of the people. But an examination of the 1935 election returns, by constituencies, shows that there were elected, by clear majorities of the votes cast, 90 Liberals and only 5 Conservatives; 9 Social Credit, one Cooperative Commonwealth Federation, and one independent Conservative. Thus there were more than five times as many Liberals elected by clear majority votes than all the other parties put together, indicating that the Liberal government does well represent the voters.

The geographical situation of New Brunswick makes it a great convenience to trade with the United States, and the present trade treaty by which the United States gives reductions on potatoes, lumber, horses, cattle, maple products, blueberries and furs is a decided benefit and will result in very greatly increased trade during this year.

Reading the address of the hon. member for Royal (Mr. Brooks) I note that he states, at page 345 of *Hansard*:

> It is generally realized that in New Brunswick conditions were never worse than they are at the present time.

And referring to the 1935 treaty with the United States he makes this statement, at page 344 of *Hansard*:

> The right hon. the Prime Minister (Mr. Mackenzie King) said in effect that the people of Canada were blessed by the results of the 1935 treaty.

Again, on page 344, he says:

> I simply want to say that as far as the primary producers of the maritime provinces are concerned, the statement made by the Prime Minister is not borne out by the facts.

But the hon. member has not given the facts. He refers to apples and states that the province of New Brunswick shipped about 48,523 barrels in 1936 to British empire markets, and that the 1937 shipments totalled 25,744 barrels. Having some knowledge of apple production in New Brunswick I noted at once that these figures were evidently about twenty-five times overstated and therefore entirely misleading.

Mr. BROOKS: On a question of privilege, Mr. Speaker, I wish to say that the statement I made was taken from a report of the bureau of statistics and given as sent to me from that department. I consider it as correct a statement as that made by the hon. member for York-Sunbury.

Mr. CLARK (York-Sunbury): I shall be glad to give the house the correct apple crop figures as supplied by the New Brunswick department of agriculture, and prepared under the direction of the provincial horticulturist.

As a matter of fact, 1936 was a poor apple production year for New Brunswick, there being only 29,104 barrels marketed, and of these, 20,147 barrels were sold within the province and 8,957 outside, mostly in Quebec province. So it is very wrong to give the idea that there were 48,523 barrels sold from New Brunswick in British empire markets in 1936. The correct figures for 1937 are as follows: The crop increased to 49,616 barrels, of which 14,548 barrels were sold outside the province, again largely in Quebec province. It will thus be seen that the facts are very different from what the hon. member purported to show. New Brunswick does not export apples to any great extent. Potatoes are New Brunswick's great export crop; Nova Scotia exports large quantities of apples.

While I have great personal esteem for the hon. member for Royal I have wondered why he should give figures which are at least twenty-five times overstated. Evidently it was done for political motives, due to the statement which had been made that the hon. member is equal to twenty-five other men. The hon. member for Greenwood (Mr. Massey) visited New Brunswick, and in paying tribute to the hon. member for Royal he said, as reported in the press of June 6, 1938, that the hon. member for Royal was equal to all the twenty-five members from the maritime provinces who were seated on the government side of the house. The further statement was made that he had been the only hon. member to stand up for New Brunswick. Of course this is political stuff, and no doubt it secured some votes for the hon. member for Greenwood at the Ottawa Conservative convention. It is unfortunate however to have the hon. member for Royal seeing figures twenty-five times their actual size.

While potatoes are the chief crop in New Brunswick, and while we do not export many apples, yet that portion of the St. John river valley in New Brunswick is highly suited to apple raising, and as a result the number of orchards is increasing. I should like to refute the statement of the hon. member for Royal that conditions were never worse in New Brunswick than they are at the present time. I have knowledge of business conditions throughout that province and I am pleased to report that 1937 was one of the best years we

have known. There was some recession in 1938, but even in that year business was better than in most other years. Much is expected in the coming summer through increased trade with the United States.

To show the increase in the exports of certain commodities from New Brunswick to the United States I should like to place on record a table giving the figures for the fiscal years 1935 and 1938. I have taken these years because 1935 was the year which immediately preceded the former United States treaty; and the 1938 figures serve to show the material increases brought about by the 1935 treaty.

Exports to the United States through ports in the province of New Brunswick for the fiscal years 1935 and 1938

Item	Unit	Fiscal year	United States Quantity	Value
Blueberries	pounds	1935	195,291	$ 12,831
		1938	1,553,003	67,909
Dairy cattle	number	1935	174	7,678
		1938	951	62,428
Planks, boards and flooring		1935	20,982,000	483,251
		1938	45,449,000	1,252,978

It will be noted that there were over five times as many dairy cattle exported in 1938 as in 1935. Not only that, but there was an increase in value during that period to the extent of almost fifty per cent per head. With further reductions in the new agreement I look forward to a still greater increase in the export of these and other New Brunswick products.

Trade makes for friendships between individuals and nations. Let us then continue to pursue the path of greater trade which will give work to our people, lasting peace and prosperity.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I am rising to support the treaty. I believe treaties of this description are to be welcomed at the present time because they tend to bring about better international relations. I do not believe, as is so often contended in the house, that they offer any immediate relief to the domestic problems that confront this nation. Our immediate problems are of such a nature that international treaties of this type will not cure the ills from which the country suffers. Nevertheless I believe they are to be supported because they tend to improve the relationships between ourselves and other countries which are parties to these treaties.

Unfortunately national self-sufficiency is becoming more pronounced all across the world. Recent events in Europe show that the totalitarian states with that kind of philosophy are gaining great strength. Their domination of eastern and southern Europe in my opinion means still further restrictions in world trade. When he discussed the treaty in the house recently the Prime Minister (Mr. Mackenzie King) made the statement that he hoped the treaty would make for peace. I think perhaps he drew an over optimistic picture of what might be done in that regard. All I can say, as I said at the outset, is that I am supporting the treaty because I hope that something of that nature may in part at least be achieved. One thing the treaty does is this: it draws into closer cooperation the three great English-speaking democracies. When I speak of the three democracies I am thinking of the United States, Great Britain herself, and the democracies which comprise the British dominions. Those three divisions are drawn more closely together by an agreement of this description, and I believe that that is all to the good.

Moreover may I point out that closely associated with Great Britain to-day in the struggle for the preservation of democratic institutions is the old republic of France. Anything which can tend to bring these peoples more closely together at the present time may have the effect of preventing the outbreak of a serious and disastrous war. While the treaty is only a step in that direction I believe we ought to support it for this reason, if on no other grounds.

I do not propose to analyse at length the various proposals in the treaty. This has been done in the house quite extensively during the last few days. I think that almost everything that could be said pro and con about the treaty's definite proposals has been said already. However, there are other factors to which, particularly as one representing a western constituency, I should like to direct some attention.

First of all, in the consummation of this treaty once again the west was called upon to relinquish something which seemed at least to have superficial advantage. I know it has been argued that little advantage was derived from the wheat preference, but I contend it did give us some advantage. As I said

during a previous debate, I happened to be in the United States of America when the treaty was signed. I noticed that the middle western American newspapers were very much pleased with having at last got rid of the six cent preference. If, with the limited market we now have, that tends to encourage the use of more United States wheat by British mills, then it will have some effect upon our market. There should have been included in the treaty some compensating factors which we do not find there, and to that I shall allude in a few moments.

As a westerner I would also draw attention to the cattle quota. When this treaty was signed there was a widespread or perhaps almost general belief that, as in the case of the former treaty, the quota of 60,000 head of cattle per quarter was a Canadian quota. We have been told in recent days that it is not a Canadian quota. The nation which could grab off immediately the largest percentage of that quota would be in an advantageous position. In reply to a question asked the other day by the hon. member for Haldimand (Mr. Senn), the Minister of Agriculture (Mr. Gardiner) stated that the quota for the first three months of this year had been exhausted in January. He stated that during that month Canada had exported 30,240 animals to the United States, and Mexico 24,760 animals. Because of a lack of appreciation of this fact, there was a severe drop in the price of cattle on the Canadian market immediately the situation was known. It seems to me that if the government of Canada is going to agree to the adoption of quota systems for farm produce being exported abroad, such quotas should be safeguarded so that they will actually work in the interests of the Canadian farmer. In this particular instance, while the quota was of some advantage for a few weeks, the sudden shutting off of exports with two more months of the quarter still to go created a serious factor in the stock market situation in this dominion.

Mr. STEWART: The live stock market.

Mr. COLDWELL: The uneven market which we have had during the past few weeks should be rectified at once if at all possible by the Department of Trade and Commerce and the government of this country.

This treaty is distinctly disappointing in certain other respects when considered from the point of view of a western member. Three years ago the question of the high price of farm implements was raised and a very thorough and exhaustive inquiry was made into the matter by a special committee of the house. An excellent report was presented to parliament containing certain recommendations and stating specifically and categorically that the prices of farm implements were too high, especially in comparison with the prices which the farmer obtained for his produce. When the budget was under discussion last June I believe that the western members of all shades of opinion hoped and indeed believed that when this trade treaty was signed we would find something in it which would reduce the high cost of farm implements. Something was done with regard to cream separators, but otherwise there was relatively little. Once again I draw to the attention of this house the fact that farmers both east and west have to buy the things they use in a highly protected market, whereas they have to sell the bulk of their commodities in the unprotected markets of the world. Consequently we believe we have a case for special consideration by this government or any government which occupies the seats of power.

May I say to the Liberal members of this house that in 1919 the Liberal party adopted a definite program and policy in regard to these matters. After all these years relatively little has been done to implement that policy and program.

Mr. EULER: Does the hon. member not think it is a fairly drastic step to reduce the duty on farm implements from 25 to 7½ per cent?

Mr. COLDWELL: Yes, but may I point out to the minister that in spite of the reduction which has been made, the prices of farm implements have steadily risen.

Mr. EULER: If it went down still further, they would rise still higher?

Mr. COLDWELL: The government has within its power the ability to do something to regulate this price level.

Mr. EULER: Fix prices?

Mr. COLDWELL: Yes, fix prices, if that were the only solution. May I point out that because of the protection which has been given in the past to farm implement companies, as was shown by the report of the farm implement committee, one company, the International Harvester Company, controls sixty per cent of the agricultural implement business. It has been shown over and over again, not only with respect to the agricultural implement industry but with respect to the oil and other industries, that where one company in a field controls the majority of business, then that company has a monopoly and can set the price level practically for all other companies.

The point of view that I am expressing is not only the point of view of a member associated with this particular group; I submit it is also the point of view of many Liberals in western Canada. For example, I have in my hand a copy of the Regina *Leader-Post* of February 15 which contains a report with reference to a resolution introduced into the Saskatchewan legislature by Mr. J. A. Gregory, the Liberal member for The Battlefords. I may be wrong, but I believe Mr. Gregory is the deputy speaker. This report reads:

> Ringing challenge for a return to that sturdy Liberalism upon which the party was founded and strong denunciation of many eastern Liberals as merely adjuncts of the privileged classes of eastern industrialists was sounded in the legislature Tuesday by J. A. Gregory (Liberal, The Battlefords).

This is an opinion expressed not by a member of the group to which I belong, but by an influential Liberal member in the legislature of Saskatchewan.

In my opinion this house is spending a great deal of time in this debate in concentrating upon a discussion of foreign trade and foreign markets, when as a matter of fact we have a great potential consumptive market at home. Many hundreds of thousands of Canadian citizens in this dominion at the present time lack the ordinary necessities of life, without considering the amenities, and it seems to me that we should be concentrating upon improving the conditions in Canada so that we might find a larger consumptive market within this dominion at the present time. Many of our people could consume more butter and more meat, for an example, if they could buy those commodities, and to my mind this house ought to be considering ways and means of increasing that consumptive power. As hon. members realize, I believe, this cannot be done by the issue of relief, although the standards of relief should be raised; or by the issue, as our social credit friends suggest, of dividends; but I do believe that there are essential public works which could be used to build up a better Canada and at the same time distribute purchasing power so that our people could buy the commodities which at the moment we are trying in vain to export. That would give the added advantage of paying wages, instead of relief from which we get nothing at all.

Of course I realize that we must trade, because there are some things we cannot produce which we must get from abroad, and to get those things from abroad we must export something in payment of them. To-day nations are placing quotas and embargoes against trade from without. So that whether we like it or not, some form of planned commerce between nations is in the making, and even this treaty is symptomatic of that fact. For here, written into a treaty to which Canada is a party, you have quotas for primary produce going into the United States and into Great Britain.

Now what can we do? The hon. member for Huron North (Mr. Deachman), whose speeches I always appreciate because they contain a wealth of information and of detail, would say that we have got to get free trade, or at least much freer trade. But to my mind the competitive system under which old-fashioned free trade might have flourished has gone. The competitive system both internally and externally has broken down. Internally great corporations and monopolies occupy the field of industry and of distribution, and in the world to-day both great international monopolies and self-sufficient nationalisms are being built with great rapidity.

The house has a right to ask what the Cooperative Commonwealth Federation would suggest in the face of this situation in regard to external trade. May I quote from our own platform and explanation of that program? We urge in the realm of external trade that we—

> —set up import and export boards to encourage and regulate external trade and remove the burden of the tariff.

Let me read also our explanatory note:

> Opponents of planning try to infer that this would lead to national self sufficiency. On the contrary, the more intelligent our economic relationships become, the more it will be realized that a nation, like an individual, is foolish to try to produce something expensively which can be made elsewhere more efficiently and economically. High tariffs are but walls against our income which help to build those great monopolies that oppress us. Trade ought to be an intelligent exchange of goods and services.
>
> But the necessities of capitalist production make this impossible. For capitalism never distributes among the producers a sufficient amount of purchasing power to enable them to purchase the goods produced. Hence each nation tries to export more and more surplus goods and import less and less from abroad. High tariffs, national self-sufficiency and a struggle for the few remaining markets follow. This leads to threats of war and, finally, to war itself.

And this concluding paragraph:

> The C.C.F. proposes that our international trade shall be planned intelligently so that the nation itself, through its import and export boards, shall arrange for the exchange of goods it can produce economically for those it needs and which others can produce more advantageously. Not until capitalism is banished from the earth can the ideal of universal free

trade be realized. Under a Cooperative Commonwealth policy Canada can improve its external trade, remove the burdensome tariff exactions and expand the home market. This would bring great benefits to producer and consumer alike.

That, I believe, is a fair summary of the position of this group in relation to trade and commerce; and may I say it is a realistic approach. Moreover, unless democracy plans to increase the abundance and distribute that abundance, I am afraid that the people will turn to some other form of government or to some other system. And I, believing as I do that our democratic institutions offer still the best vehicle for social and economic improvement, desire to see something done which will strengthen our democratic institutions and democratic ideals among our people. For youth, hundreds of thousands of them, and the unemployed—altogether over a million of them, on relief—will not wait; indeed they cannot wait until, even if it were possible, we could establish universal free trade or attain universal trade agreements. As I said at the outset, let us make such agreements when we can, but let us suffer no illusions that such agreements are going to bring to our people the immediate relief which is so necessary. For trade treaties are not a universal panacea, and very largely, may I say, because they are not universal; nor are they likely to become universal. They will not cure, let me emphasize, our own immediate problems, of unemployment and of poverty. In December, I noticed, we had 407,000 persons registered as unemployed and upwards of a million individual citizens on relief; while workers' wages, another factor in the consumptive field, averaged in industry last year only $16 a week. And this, may I say to my hon. friends opposite, after many years of Liberal administration and Liberal policy.

My purpose in rising this afternoon is to ask members on all sides of the house if they do not think it is high time that this parliament and those who comprise it should face the realities of the present situation. For surely democracy is on trial. Let me repeat, unless our democratic institutions can be made to work to provide our people with opportunities of employment, with opportunities of sharing in the abundance which the resources of the country and the machinery of production make possible for us, then surely they will turn to some other form. Indeed there are threats from many quarters to-day. All across the country one can find what one might term incipient fascism as well as fascism of the blatantly European type; and then we have the growing propaganda for a so-called national government, a national government which, in my opinion, if formed, would be formed of those who desire solely to protect the vested interests in the country rather than the interests of the great masses of the people. To my mind, if these paths were followed they would simply be some more of those blind alleys up which we have been running from time to time.

There is no universal panacea that will immediately solve these problems for us. Our problems in my opinion have to be solved in the light of ultimate aims, step by step. We have got to build the path by which we shall go forward; and because I believe that this treaty is, if only a feeble step, at any rate a step in the right direction, I am supporting it on these grounds. I believe that democracy is quite capable not only of producing abundance but of distributing that abundance to the people of this country. To my mind these times constitute a challenge to every one of us and I should like to see this trade treaty disposed of as quickly as possible now that it has been discussed fairly thoroughly, so that we might proceed with the consideration of those weighty domestic problems that confront us at this moment. And so I support the treaty, though without any illusions that it is going to solve the grave problems that we face in Canada to-day.

Hon. H. A. STEWART (Leeds): I have listened with a good deal of interest to the speech of the hon. member for Rosetown-Biggar (Mr. Coldwell), who has just taken his seat. He always delivers an interesting address. He started out by stating that he was going to vote for the approval of this trade agreement, and he gave as the reason that it would promote international peace and goodwill. Well, when we come to consider the parties interested in this three-cornered arrangement, Canada, the United States and Great Britain, and take into account the harmonious and friendly relations that have existed for a long period of years, one wonders if anything can be added which will improve those relations. To me, this is just so much gilding and glitter that has been placed upon this agreement.

Then the hon. gentleman proceeds to relate a number of objections which he has to the agreement, and it appears to me they are very real and very serious ones. In fact, if I were a judge and were compelled to decide, after listening to his arguments in support of the treaty and those he advanced against it, I should have to decide that his arguments against it were very much stronger than those in favour of it.

I propose to deal briefly with two or three matters in connection with this agreement.

Let me refer to two statements appearing in *Hansard,* both made by the Prime Minister (Mr. Mackenzie King). On page 55 you will find the statement by the right hon. gentleman, that in dealing with this treaty we should consider the sequence of events; and in a sketchy way he reviews the events over a period of years leading up to the making of this agreement. Then there is another statement on page 56 which I desire to read, because I think it is important that we should deal with it. On page 56 the right hon. gentleman says:

> May I say at once to my hon. friend that when we discuss trade matters we are almost certain to differ diametrically because we view matters in an entirely different light. I believe the way to help to improve economic conditions, employment and the like is to encourage trade and to obtain as much in the way of trade as we possibly can. My hon. friend opposite believes in the policy of economic nationalism.

In considering the first of these statements as to the sequence of events, I think it is only fair to review the conditions between 1920 and 1930. Those were years of expanding world trade, years in which the trade of Canada expanded in common with the rest of the world and we enjoyed the advantages and the benefits of that world trade. We must not forget that at all times our prosperity is bound up with world prosperity and that conditions arising outside Canada influence conditions in our own country, a fact which sometimes our friends opposite seem to have overlooked in dealing with the conditions between 1930 and 1935.

At the end of 1929 and the beginning of 1930 the markets of the United States were practically closed to Canada because of the increases in the tariff on two occasions by the United States. The world depression had set in. Trade had become disorganized. There was financial chaos, exchange was dislocated, unemployment in Canada was becoming serious. It was more serious than was realized at the time; we were without accurate statistics on the subject. Following this there was dumping of manufactured goods from the United States into Canada without any reference to costs of production, with resulting disorganization of industry and increased unemployment. It is perfectly clear that something had to be done. The steps that were taken between 1930 and 1935 were, I think, the only ones that could have been taken in the circumstances.

An emergency tariff was introduced with the object of lessening unemployment and preventing this ruthless dumping of foreign products in the Canadian market. Concurrently with the raising of duties for this purpose there was an understanding and agreement with the manufacturers of Canada that the prices of their products to the consumer would not be increased. That agreement was respected. There was one case where perhaps it was not, and the penalty immediately followed; their increased protection was removed. The fulfilment of the agreement not to raise prices was strikingly exemplified in the agricultural implement industry; during all those years the prices were not raised. But following 1935, when the duties were reduced by this government, the prices of agricultural implements increased.

The objects of the emergency tariff were in a measure realized. And in dealing with this it must not be forgotten that there were many reductions in the tariff before 1935. Go back to the budget speeches and you will find a long list of items upon which tariffs were reduced over that period.

It must also be borne in mind that during that time Canada retained her share of the world's trade. There was only so much trade to be done in the world; it had shrunk by about sixty per cent.

Another step was taken in the meeting of the empire economic conference in Ottawa in 1932. I have here a report of the proceedings of that conference. I propose to read a number of extracts showing the position taken by the then prime minister of Canada and the prime minister of Great Britain.

On page 69 appears the following statement by the Right Hon. R. B. Bennett, then prime minister of Canada, chairman of the conference:

> What do we hope for from this conference? The answer is, I think, from all of us, greater markets within the empire. This is the answer from all of us undoubtedly, if we are persuaded, as I am, that greater empire markets mean as well greater world markets. For to us in Canada closer empire economic association does not mean in any sense world dissociation. The trading potentialities of this empire are great. But even one-quarter of the human race cannot profitably shut itself off from contact with the rest of the world.
>
> When we reach an agreement by which our products pass more freely from one empire country to another, we drive clear channels through the stagnant pools dammed up by the world upheaval, and naturally we will carry past the boundaries of the empire and to its benefit, establish once more again throughout the world that commerce which is its very life blood. The British people in their vigour, industry, and experience have nothing to fear from foreign competition when they are united in that economic association which is now possible. When from this conference that results, we will welcome fair and friendly competition. In our own interest we will welcome it.

And at page 70 we find another statement:

I have said before, and I do not desire to minimize the fact, that Canada must have greater export markets for its natural products. No country can live unto itself in this complex age, and with our relatively small population, with our vast and varied natural resources, with our immense exportable surplus in natural products, we perhaps above all other countries must be assured of other markets than our own. And I confidently believe that the people of the United Kingdom will not hesitate to support our proposal, knowing on their part that it will mean increased prosperity to many of their basic industries, and through them increased prosperity to all classes in the land.

Right Hon. Stanley Baldwin, prime minister of Great Britain, speaking on the same occasion, said, as reported on page 72:

Looking at the situation from another aspect, the trend to-day is towards larger units. International trade is so hampered by barriers of all kinds that a strong opinion is developing in favour of groups, not necessarily political in character, but offering to members economic advantages in the mutual opening of markets. No one suggests that complete free trade within the empire is possible. Considerations of revenue and of past policy stand in the way. But equally there can be no doubt that more constant comunications and more complete information about imperial market requirements would, if properly focussed, present governments with opportunities of securing trade with other countries of the empire, and of making commercial arrangements with other groups of nations such as could hardly be reached if each government acted alone.

What then should be the first aim of this conference? It should be to clear out the channels of trade among ourselves. For that purpose we need not measure too closely or too exactly the relative value of preferences given and received. If we all approach the problem with a view to seeing how much each can contribute to the common stock without detriment to our own national interests, we shall not need to concern ourselves with the relative advantages obtained by each, since we shall know that an increase in the purchasing power of any member of the empire must show itself in increased imperial trade, and the prosperity of each will add to the prosperity of all.

The present universal depression makes the extension and improvement of imperial trade a matter of urgent importance to all parts of the empire. The extension and greater activity of empire trade is the most hopeful means of stimulating demand in the world markets and of restoring a sound level of wholesale commodity prices.

Let us look, Mr. Speaker, at the results of that conference. Eleven agreements were negotiated—United Kingdom-Australia; United Kingdom-Union of South Africa; United Kingdom-New Zealand; United Kingdom-India; United Kingdom-Newfoundland; United Kingdom-Southern Rhodesia; United Kingdom-Canada; Canada-Irish Free State; Canada-Union of South Africa; Canada-Southern Rhodesia and Union of South Africa-Irish Free State. These agreements, all making in the direction of expansion of trade, were opposed by the present Prime Minister and all those associated with him, with the exception of one hon. member, the member for the constituency now called Digby-Annapolis-Kings (Mr. Ilsley). In speaking the other day he said he had a very intelligent constituency. He must have. As I say, he was the only one on that side who supported that agreement. His electors were intelligent enough to realize its advantages, and now he says they are still intelligent and are prepared to recognize the reduction of the advantages. He is to be congratulated on having a constituency of that kind.

These agreements were negotiated, and I do not think any member of this house or anyone outside of it will deny that they were of great advantage to the agricultural producers of Canada and to the trade of Canada and the empire generally. Time has fully demonstrated the results.

Following that, the attitude of the United States changed. To a certain extent it softened towards Canada, fortunately, and presented us with the opportunity of expanding our trade in their direction. This opportunity was embraced by the then government, and I propose to read from the white paper to which the Prime Minister referred in his address, entitled The Trade Negotiations between Canada and the United States, 1934 and 1935, which may be found quoted in full in *Hansard* of 1936, at page 56. This is the letter from the Canadian minister at Washington to the Secretary of State of the United States. It is dated November 14, 1934:

Sir,—

The government of Canada for many months have been giving careful consideration to the means whereby the exchange of commodities between Canada and the United States might be increased, and I have been instructed to present a statement of their views for the information of the government of the United States. The government of Canada believe that the time has come for definite action and that the declared desire of both governments to improve conditions of trade between the two countries should now be carried into effect by the negotiation of a comprehensive trade agreement.

You will recall that when the Prime Minister of Canada visited Washington in April, 1933, at the invitation of the president of the United States, the development of trade between the two countries was sympathetically discussed. On April 29, 1933, Mr. Roosevelt and Mr. Bennett issued a joint statement at the end of their conversations, which concluded as follows:

"We have also discussed the problems peculiar to the United States and Canada. We have agreed to begin a search for means to increase the exchange of commodities between our two countries, and thereby promote not only economic betterment on the North American continent, but also the general improvement of world conditions."

At that time it was expected that at an early date the president would be vested with special powers to enter into agreements looking toward an increase in the exchange of commodities between the United States and other countries. Since Mr. Bennett's visit, informal discussions have been carried on, and several methods of improving trade relations between the two countries have been suggested and examined.

In the past eighteen months the governments of the United States and Canada have repeatedly manifested their determination to increase international trade, by declarations of policy and by the conclusion of bilateral trade agreements.

Within that period of time Canada has made trade agreements with several European countries.

The policy of the government of Canada with respect to trade relations with the United States was again stated by the Prime Minister of Canada speaking in the House of Commons on February 19, 1934. Mr. Bennett on that occasion referred to the fact that the governments of the United States and Canada had agreed to begin a search for means to increase the exchange of commodities between the two countries and thereby promote not only economic betterment on the North American continent, but also a general improvement of world conditions, and indicated that the policy of the government was to continue their efforts to that end.

Then follow details as to how this may be accomplished. Then, on page 5 of the white paper there is a sentence which may be quoted at this time:

It is hardly necessary to stress the importance to both the United States and Canada of their mutual trade. For many years each country has provided the other with either its largest or its second largest foreign market.

Mr. EULER: May I ask my hon. friend a question? Does he think the sentence he has last quoted is consistent with the statement made the other day by the hon. leader of the opposition (Mr. Manion), when he referred to the United States market as being such an uncertain market as to be hardly worth dealing with?

Mr. STEWART: I think they are quite consistent. I do not think there is any inconsistency between them. The statement I have just quoted simply recites the fact that over a period of years there has been a large exchange of commodities between the two countries.

Mr. EULER: Not so uncertain a market then.

Mr. STEWART: Well, I think it was very uncertain in 1930, when they were all closed against us.

Mr. EULER: But he refers in the letter to the fact that there has been a very large exchange of commodities.

[Mr. Stewart.]

Mr. STEWART: Yes, over a long period of years there was, but conditions between 1930 and 1934 were not quite the same as they had been before.

Mr. EULER: That is true.

Mr. STEWART: The letter goes on:

But no useful purpose can be served by calculating the relative shares retained by each country in a total world trade that for four years has been steadily shrinking, until in 1933 it fell in value to approximately one-third of the level of 1929. If peace and prosperity are to be established on an enduring basis, it is essential to increase the absolute volume of world trade. No better beginning can be made than by taking steps to increase without delay the volume of trade between two countries which offer the most notable opportunity.

I am quoting this, Mr. Speaker, for the definite purpose of answering the charge that my leader and his party are economic nationalists. This shows clearly that definite and positive steps were taken by the Conservative government to extend the trade of Canada rather than to restrict it, and to place it on a perfectly sound basis, and any statement to the effect that the government of 1930 to 1935 or this party are economic nationalists and not looking for trade is false to the record. It is made without regard to the record, and without a due sense of responsibility, and lacks the essential element of truth. That is all I have to say in that connection. The letter goes on:

Attention has been directed to the trade agreements between Canada and the other members of the British commonwealth of nations signed in Ottawa in 1932. In some quarters the statement has been made that these agreements render difficult the negotiations of a comprehensive and effective trade agreement between Canada and the United States. An examination of the facts will demonstrate conclusively that such is not the case. The agreements concluded at Ottawa in 1932 have been of immense importance in increasing the trade between the several nations of the British commonwealth. The market of the United Kingdom in particular has been a most valuable outlet for Canadian products. In return for the market thus assured Canada has continued and enlarged the preferences which had been accorded the United Kingdom since 1897. The Ottawa agreements do not, however, preclude and in fact have not precluded the signatories from offering extensive and valuable tariff concessions to other countries, and it may be stated positively that the government of Canada is free to enter into an agrement with the United States covering a wide range of products.

The government of Canada is prepared to join the government of the United States in a declaration that their common objective is the attainment of the freest possible exchange of natural products between the two countries. It is recognized that this objective cannot be attained in the immediate future, as important interests in both countries would be disturbed unduly by the sudden removal of existing tariffs

on all natural products. The government of Canada would therefore favour, as the first step, the reductions included in the proposals set out in the next paragraph, to be succeeded by progressive mutual reductions in the duties on natural products, leading to the attainment of the declared objective.

I have not time to quote further, but I do suggest to hon. members of this house who seem to have some idea that we did not want to trade with anybody, that they read this letter in full as it is found in *Hansard*. Would it not be strange if all the appreciation of the value of foreign trade were wrapped up in the knowledge of those who are on the other side of the house? Why, Mr. Speaker, over a period of years there has been a common policy in this country, a common desire to promote trade. There has been the establishment of the Department of Trade and Commerce and the sending of trade commissioners all over the world, under all governments. So I think, sir, the record shows that it would be fairer and more honest for everybody to admit that both parties in Canada have desired an extension of trade. They may differ as to the methods, or as to how it is to be accomplished.

An hon. MEMBER: They do.

Mr. STEWART: Yes, they do; and I shall point out where I believe the difference lies.

I wish, however, to clear up the point I am trying to make, that there is no evidence whatever that Canada desired to build a wall around herself, or that she wished to neglect any opportunity to trade wherever she could make a fair and reasonable trade agreement.

Not only was this communication sent, but negotiations were undertaken and followed up. And may I point out the date? The letter was sent at the end of 1934. The reply of the Secretary of State was in December of that year. Congress met shortly after and did not rise until August of 1935. The dominion election took place in October, 1935. The President of the United States was so busily engaged with congress that he did not have much time to consider these matters. Between August of 1935 and the date of the election there was not much time left, but negotiations had progressed so far that within a very short time after the election the present Prime Minister (Mr. Mackenzie King) was able to complete an agreement, the foundation of which had been laid.

Mr. EULER: I do not like to interrupt the hon. member but my impression always has been—and I am quite sure I am correct—that the former prime minister, Mr. Bennett, and the members of his party always contended that the reason the trade agreement was not consummated was that we could not get one which was fair to Canada, and that we were asked to give too much for what they were willing to give in return. But the hon. member now suggests it was merely because Mr. Roosevelt was too busy to proceed with the business until the time it was accepted by this government.

Mr. STEWART: The record is that congress did not rise until August, and that the election in Canada took place in October. What my hon. friend says is perfectly true; I do not dispute that at all.

Mr. EULER: We seem to differ as to the reasons.

Mr. STEWART: The present Prime Minister was so anxious to have some kind of trade agreement that he rushed down to Washington and closed it—and I think they were waiting for him. They saw him coming. I think he signed and adopted an agreement he was not justified in adopting, in the interests of Canada, and an agreement that the former government would not have signed. But I am pointing out that there was very little time for the completion of the negotiations.

Mr. EULER: I thought my hon. friend gave that as a reason.

Mr. STEWART: No, I had not completed the reasons. As I said, shortly after that time the agreement was signed. The Minister of Trade and Commerce (Mr. Euler) says there is a difference between the two parties in the view of trade.

Mr. EULER: I did not say that.

Mr. STEWART: Well, I understood him to say that there was a difference between us in our views in connection with trade.

Mr. EULER: My hon. friend attributed that to the Prime Minister.

Mr. STEWART: I attribute it to the minister in the interruption he made a few moments ago.

Mr. EULER: No, no; if I may interrupt: My hon. friend gave as a reason why his government did not conclude the agreement the fact that the President of the United States was too busy.

Mr. STEWART: No, but prior to that you said there was a difference.

Mr. EULER: I made no such statement.

Mr. STEWART: Very well.

Mr. EULER: Perhaps there is a difference—but I made no such statement.

Mr. STEWART: I think my hon. friend will agree there is a difference.

Mr. EULER: I will not object to the hon. member saying that.

Mr. STEWART: I think he assented to that. I said I would point out in a few moments what the difference was.

Mr. EULER: You attributed that to the Prime Minister.

Mr. STEWART: My view of the difference between this party and that of the Minister of Trade and Commerce, as respects foreign trade, is this: To them the hills of foreign trade look green. The far-away hills look green, and they are inclined to emphasize, even to over-emphasize, the value of foreign trade, at the expense of the home market. We fully appreciate the value of foreign trade, but we also appreciate the value of the home market. After all, I believe with few exceptions it is the best market we have; it takes the greatest amount of our products. The British market is the next best.

Mr. EULER: The states buy slightly more from us.

Mr. STEWART: It does not follow that because they buy more they are the better market.

Let us now discuss briefly the results of the last agreement. In doing so I should like to refer particularly to the budget speech of the Minister of Finance (Mr. Dunning) delivered on June 16, 1938, not as it is reported in *Hansard* but as it appears in a pamphlet, a copy of which I have in my hand. In his speech the minister reviewed the trade of Canada, in which he placed the total trade in the year 1937 at $1,792,109,521 and that of 1938, at $1,946,793,413, an increase of $154,683,892.

Then follows this interesting paragraph.:

An understanding of the course of our foreign trade during the past year and of its effect on the Canadian economy, however, must involve an analysis of the changing composition of our export trade as well as of changes occurring throughout the year in the direction of that trade. For instance, if we are to make a fair comparison of our exports during the last two years to particular countries, it is necessary to exclude gold movements, changes in the direction of which are not primarily related to trade considerations. For this reason, in the tables which I now present showing comparative figures for the last two years of the trade of Canada with the United Kingdom and other commonwealth countries, and with the United States, the figures given do not include gold of any kind but relates solely to other merchandise transactions.

Then follows a table showing the trade of Canada with the commonwealth, with respect to merchandise, all gold being excluded. In that table he shows the total value of exports to the commonwealth in 1937, as $495,031,940 and in 1938 as $516,520,463, an increase of $21,488,523. The total trade with the commonwealth, as shown in the table, indicates an increase of $56,495,719 in 1938 over that of 1937.

Then follows an analysis of the trade of Canada with the United States, and again all gold is excluded. The figures are as follows:

Trade of Canada with the United States
(Merchandise—all gold excluded)

	Fiscal year ended March 31, 1937	Fiscal year ended March 31, 1938	Increase (+) Decrease (−)
Imports from the United States	$393,720,662	$487,328,980	+93,608,318
Exports to the United States	364,354,990	343,250,669	−21,104,321
Total trade with the United States	$758,075,652	$830,579,649	+72,503,997

From these tables it will be noted that the United Kingdom purchased from us during the last fiscal year goods to the value of $407,798,000. This is slightly in excess of 41 per cent of our total exports of merchandise, excluding gold. Exports to other commonwealth countries showed an appreciable improvement, the increase being 23 per cent, and the total volume $108,700,000. Commonwealth countries as a whole, including the United Kingdom, took approximately 52 per cent of our total merchandise exports. Imports from all commonwealth countries increased during the past fiscal year by over 17 per cent, accounting for about 29 per cent of our total purchases from abroad. From the United Kingdom alone our purchases were $15,000,000 greater than in the previous year and amounted to $145,000,000. With the United States our total merchandise trade, again excluding gold movements, amounted to $830,600,000, as compared with $758,100,000 for the preceding fiscal year. Total exports to that country fell 6 per cent below the figure for the previous year to a total of $343,300,000, while imports at $487,300,000 showed an increase of nearly 24 per cent.

Exports falling off 6 per cent; imports increasing 24 per cent.

I should like to follow this up with a reference to a speech made in 1938 by the hon. member for St. Lawrence-St. George (Mr. Cahan). On page 4170 of *Hansard* of that year he is reported as follows:

The paramount value and importance to Canada of sheltered markets in the United

Kingdom are made clearly apparent by the trade returns cited by the minister. For the fiscal year ended March 31, 1937, our exports to the United Kingdom were $406,825,443 and our imports $129,507,885 in value. For the fiscal year ended March 31, 1938, our exports for the United Kingdom were $407,797,610 and our imports $144,978,493. Our aggregate export and import trade with the United Kingdom in the two years ended March 31, 1937, and March 31, 1938, were:

Exports	$814,623,053
Imports	274,486,387
Excess of Canada's exports	$540,136,666

And again:

Surely a profitable trade with the United Kingdom to that extent should not be sacrificed by reason of any emotional or hysterical appeals for the improvement of our political relations with the neighbouring republic, as a basis for the establishment of peace throughout the world.

During the same two years, exclusive of gold, Canada's export and import trade with the United States was as follows:

Exports	$707,605,659
Imports	881,049,642
Excess of Canada's imports	$173,433,983

So in those two years, exclusive of gold, our trade with the United States showed a balance in favour of that country amounting to $173,433,983, as compared with a balance in favour of Canada in its dealings with the United Kingdom, for the same two years, of $540,136,666.

I have not the time to quote all the figures given by my hon. friend, but he goes more fully into detail in his speech.

I think it will be admitted that it is desirable that wherever possible we should have a favourable balance of trade. It has been stated in this house that we have favourable trade balances with all countries except Italy and the United States.

Mr. EULER: There are some other small ones.

Mr. STEWART: Perhaps that is right. If there is any country in the world with which we might reasonably expect to have a favourable trade balance it is the United States. It is a country of 130,000,000 and we are 13,000,000.

Mr. MANION: About 12,000,000.

Mr. STEWART: Let us make it 13,000,000 for good measure, ten to one.

Mr. EULER: How does it work out with Great Britain?

Mr. STEWART: Never mind; we have a favourable trade balance with Great Britain, which has a much smaller population, about one-third of that of the United States. I submit it is not unreasonable to expect that we should have a favourable trade balance with the United States, but the figures show that in connection with the agreement negotiated in 1935 the reverse was true, the balance being heavily against us.

I should like to discuss briefly the agreement now before the house. Let us look at the conditions under which we entered into this agreement in 1935. I am sorry I did not enlarge upon the trade figures because they are very illuminating. When the budget comes down or when we are in committee on this matter perhaps we will expand the record a little.

Mr. DEPUTY SPEAKER: I regret to inform the hon. member for Leeds (Mr. Stewart) that he has spoken for forty minutes.

Mr. STEWART: I need only a few minutes to complete my remarks.

Mr. EULER: Go ahead.

Mr. STEWART: When we entered into the agreement of 1935 we were handicapped in that the average rate of duty on Canadian goods going into the United States was 41·5 per cent, while the average rate on United States goods coming into Canada was 27·4 per cent.

Mr. EULER: Does that include free goods?

Mr. STEWART: Those are the figures quoted by the hon. member for St. Lawrence-St. George in his speech, and when he quotes anything it is pretty accurate.

Mr. CAHAN: It is more than 40 per cent.

Mr. EULER: Did my hon. friend include free goods?

Mr. CAHAN: Their average rate on the dutiable goods is over 40 per cent.

Mr. STEWART: The hon. member has applied the same basis to both countries. What are the powers of the president? He can reduce existing duties only by fifty per cent. He cannot put anything on the free list which was not on the free list, and he cannot put anything on the dutiable list which was not on the dutiable list. That country held hearings before which the interests affected appeared. There is always advantage to a large unit when dealing with a smaller one. Here we had a unit of 130,000,000 people dealing with one of 13,000,000 people. I have heard a member of the present government say that the United States was the most striking example of the benefits of free trade, a country with a population at that time of 120,000,000 people trading freely among themselves. There is something in it. They have a variety of resources, a variety of pro-

duction and a huge home market. But I think he overlooked the fact that while that was true, they also had the additional advantage of the highest protective wall of any country in the world. They had it going and coming. Our position was not as favourable in the same ratio. We had a low tariff. We applied no quotas against them, while they adopted quotas against us. We made no provision to hear the parties affected by reductions in the tariff, and we started out with an unfavourable trade balance.

We had only one small advantage, the preference in the British market. Let us look at where we stand now. Under the agreement now before the house we have to some extent lost the benefit of that preference, something which for years we made desperate efforts to obtain. We have lost some of that which we found to be of permanent value. We have an unfavourable balance of trade which is likely to be increased by further reductions of duties. The rates against many of our commodities going into the United States are higher than the rates on the same commodities coming into Canada. The reductions provided for in the United Kingdom-United States agreement will probably enable the manufacturers in the United States to export direct to the United Kingdom instead of continuing to maintain the branch factories which they established in Canada in order to take advantage of the British preference. If that occurs, there will be an increase in unemployment in industry in Canada because of the closing of plants and the increase in imports to follow.

We will lose some revenue because of the wiping out of the excise tax. Apparently it will have to be wiped out on everything. This would seem to be an inevitable consequence which possibly was not anticipated. Our railways and ports will lose traffic. We shall have an opportunity of discussing this in committee and of bringing out the advantages and disadvantages of the agreement. There are some advantages. With the necessary information before us we shall be able to arrive at conclusions, but as I see it now, with all the information that is available, the advantages in favour of the United States far outweigh any advantages or benefits to Canada by any concession under this agreement.

Mr. THOMAS REID (New Westminster): Mr. Speaker, in rising to speak in support of the new trade treaty, the motion for which is now before the house, I should like, before referring to the new trade agreement, to deal particularly with some of the statements made by the leader of the opposition (Mr. Manion), whom I am pleased to see in his place, and who spoke on Friday last.

[Mr. Stewart.]

I want at the outset to agree with his comment that the agreements were far too important to gloss over. At the beginning of his speech, however, he placed on record some figures pertaining to the last election, and stated that he did not know what they meant. Perhaps I may be pardoned if I draw my own inferences, although I know it is against the rules to do so; but I feel sure that the leader of the opposition did not place those figures on the record merely to take up time. I believe he mentioned that the Liberal party was in power with a minority vote of the people of Canada. He nods his head; I understood him correctly then. In rebuttal I would say that I do not think the leader of the opposition would advocate the casting of all ballots into one barrel or hat and the distributing of them pro rata throughout the country. There are some, I know, who believe in proportional representation and the single transferable vote. According, however, to the record of what has taken place in this country—I refer particularly to the provincial elections in Alberta in 1926 and 1930—the single transferable vote and proportional representation did not give any fairer, in fact, did not give as good a representation, in the provincial legislature as does the present system of plurality votes. Let me quote the figures.

In 1926, 68,896 votes were cast for the United Farmers of Alberta, and they got 42 seats; 36,692 were cast for the Liberals, who got five seats, and 26,197 were cast for Conservatives, with no seats.

Mr. DEPUTY SPEAKER: I regret to interrupt the hon. member who has the floor, but I am inclined to think he is out of order.

Mr. REID: With all due deference, the attention of the leader of the opposition should have been drawn to that on Friday last when he placed those figures on the record. I believe that under the rules of the house I am entitled to controvert those figures, and I am using these figures by way of reply.

Mr. MANION: If you have no objection, Mr. Deputy Speaker, I have not. As a matter of fact, if I may just interrupt, what happened was that the Prime Minister (Mr. Mackenzie King) had boasted a bit of the winning of by-elections and of Liberal victories, and I was giving a few figures which threw a different light on the results. I did not take very long at it.

Mr. REID: I think I can show to the leader of the opposition and to the house another set of figures,—

Mr. SPENCE: What is the difference, anyway?

Mr. REID: —relating to the present membership, which I think is more accurate than the figures he quoted. I want to continue with them because I think they should be on the record.

In the Alberta election of 1926, there were 5,163 votes for Labour, with three elected representatives, and 252 for Liberal-Progressives, who of course did not elect any member. The same condition existed in Alberta at the 1930 election. With 23,000 votes, the Independents got only three seats; 34,000 votes elected eight Liberals, and with 70,000 votes the United Farmers got 34 seats. I believe that disproves any argument that proportional representation is any fairer form of representation than the present system.

I would ask the leader of the opposition also to note this. In the present house, ninety Liberals were elected with majority and ninety-nine with minority votes in their own constituencies. But on the left of you, Mr. Speaker, only five of the thirty-seven Conservative members are sitting with a majority vote in their own constituencies. Of the Cooperative Commonwealth Federation members, one only is sitting with a majority vote.

Mr. HEAPS: Did my hon. friend have a majority in his constituency?

Mr. REID: No, and neither did my hon. friend; and I think my majority was just as big as his.

Mr. HEAPS: Nothing near it.

Mr. REID: The Social Credit party are the only group with a majority of members elected by majorities in their respective constituencies. I know my hon. friend from Winnipeg North (Mr. Heaps) does not like this, but he must just sit and take it.

Mr. HEAPS: My hon. friend will never have the majority which I get.

Mr. REID: Mr. Speaker, I appeal to you. I am willing to argue with the hon. gentleman at any time, but I have only forty minutes.

An hon. MEMBER: Oh, let us get on with the business.

Mr. DEPUTY SPEAKER: Order.

Mr. REID: As I was saying, the Social Credit group, with seventeen members, are the only ones who have more than half their number elected by majority vote. Ten were thus elected, and seven by majority votes. Both independent members were elected by minorities, and likewise the leader of the social reconstructionists. I believe that this is a truer picture of the situation in the house than merely to say that if you count all the votes throughout Canada and distribute them equally you will find that just so many voted for the Liberals although the Liberals have so many more seats.

The leader of the opposition, referring to the market of Great Britain, stated that Great Britain collected three times as much customs duties as we did in Canada. Why should she not, when her trade is six times that of Canada? Last year imports to Great Britain were of the value of over five billion dollars, while the value of her exports was under three billion dollars, her total trade being $8,120,749,966. Her per capita imports were $114 as against $71 in the case of Canada. It is no great argument for protection to say that Britain collects three times the customs duties that are collected by Canada when her trade is exactly six times that of this country.

Speaking about imports, the leader of the opposition remarked that there are certain kinds of products which we cannot produce, such as tea, coffee, rubber, cotton, and even some wool. He went on to say that he did not know why this country cannot produce all her requirements of wool. That is very easily understood by those who know anything at all about farming. The wool grown in Canada is rather coarse, on account of climate conditions, and no very fine cloth can be made from it. In Australia and New Zealand, where the farmers have large flocks of sheep, the sheep are kept primarily for wool production, and it is a well known fact that the finest wool in the world comes from those two countries.

An hon. MEMBER: And from Alberta.

Mr. REID: We must import a certain quantity of wool if we are to make or use the finest grades of cloth.

Mr. MANION: We should be raising about five times as many sheep as we are raising.

Mr. REID: But it would not make our wool any better or finer.

Mr. MANION: That is disputed, too.

Mr. REID: Well, a demonstration was held down in the Chateau Laurier. I attended it, and the qualities of wool grown in this country as compared to those of the Australian sheep were fully explained to members.

The leader of the opposition also dealt with a plank of the Conservative platform. I am going to read part of it because it is very interesting:

To provide a diversified economic life which will serve to retain Canada's sons and daughters within our own boundaries.

That is very laudable, but it is merely just a platitude; it does not mean a thing as far as the Conservative party is concerned. I looked up the records after the hon. member had made his speech. I found that from 1926 to 1930, 210,578 Canadians returned from the United States to this country, compared with only 62,432 who returned between 1931 and 1935. As regards those who left this country permanently to take up residence in Great Britain, between 1926 and 1930 some 66,000 left this country, whereas between 1931 and 1935, 77,352 departed to take up permanent residence in the old land. Any policy that the Conservative party might put into effect to retain our Canadians would have to be different from any that they have put into effect in the past, because, according to the figures, the policy of hon. gentlemen opposite has not been successful. One of the grave problems confronting British Columbia is the oriental question, and I noted that during the ten years of Conservative administration, 1912 to 1921, 36,314 orientals came into British Columbia, whereas from 1922 to 1931, only a little over 4,000 came in.

An hon. MEMBER: What has that to do with the trade treaty?

Mr. REID: I do not know how often I must ask hon. gentlemen opposite to be good enough to listen. I am replying to statements made by the leader of the opposition. He is quiet, but those behind him seem to think they have to come to his rescue.

Some mention was made about the loss that would be suffered by the apple growers. Time will not permit me to deal fully with that question. If the preference, however, under the agreements of 1932 were designed to increase the trade of the apple growers of this country, it is noticeable that it did not, for the trade dropped off after 1934. The total shipments of apples from Canada to Great Britain in 1933-34 were 8,755,000 bushels; in 1934-35, 5,582,000 bushels; in 1935-36, 6,496,000 bushels; and in 1936-37, 3,888,000 bushels. Last year the quantity shipped was 6,180,000 bushels. That shows, to me at least, that some other factors than the mere preference must be considered.

The leader of the opposition was a little unfair in what he said with regard to milk. He ridiculed the present quota of 3,000,000 gallons. He called it a mere speck. I wonder how many members have looked up the shipments of milk to the United States in the past eight or nine years? In mentioning milk the leader of the opposition took good care not to refer to Canadian shipments of cream.

In 1930 we shipped over 2,000,000 gallons of cream valued at more than $4,500,000; and in 1930 we shipped over 3,000,000 gallons of milk, which brought $699,199 to Canadian exporters. Since that time and after the Conservative party came into office shipments of cream and milk steadily diminished, until in 1935 exactly eight gallons of cream and none of milk were exported. That is quite interesting. But I would suggest that in the remarks of the leader of the opposition some mention might have been made of cream, because cream does get a preference under the new trade agreement, and the duty on milk has been reduced to 3¼ cents a gallon, the quota being 3,000,000 gallons. But taking first the quota of cream, and thinking of that quota in terms of milk, hon. members will find that it is equivalent to over 17,000,000 gallons of milk; and that added to the 3,000,000 gallons of milk which will be allowed into the United States under the agreement, will mean an available market in that country for over 20,000,000 gallons of milk.

I come now to something that particularly affects British Columbia, namely, shipments of lumber. Lumber is one of the great industries of that province, and what is contained in any agreement is of especial importance to the lumber trade. Let me read two statements made by prominent lumbermen of British Columbia when the treaty was announced. The first is by Mr. Robson, president of the British Columbia Lumber and Shingle Manufacturers' Association. He said:

> The British Columbia lumber industry is extremely pleased by the conclusions that have been reached in this long-drawn-out and difficult, triangular trade agreement.
>
> Our industry recognized all along that some sacrifices would have to be made to make it possible for the two great English-speaking nations to get closer together, and we feel that our government representatives have protected our interests in an admirable way, considering the many traders, producers and consumers who are entitled to serious consideration.
>
> We are confident that what losses have occurred in some directions will be fully compensated for in the broader relations and that our industry will continue to be a real factor in the world lumber and shingle trade. We desire to sincerely thank all who have contributed to the successful conclusion of a very difficult task.

That was the statement of the president of the British Columbia Lumber and Shingle Manufacturers' Association comprising every lumber and shingle concern in that province. Then we have the statement of the past president:

> J. H. McDonald of New Westminster, former president of the British Columbia Lumber and Shingle Manufacturers' Association, and a leader

in its trade extension work, welcomes the triangular agreement and thinks it must be regarded as generally satisfactory.

If any potential trade with Britain is lost through the United States gaining some entry there it will doubtless be made up by our better chances in the United States market. The removal of the United States quota on Douglas fir and hemlock is a distinct gain also.

The agreement to do away with the necessity of marking all lumber going from Canada is one of the finest things the trade could have obtained. He also welcomes the increased United States quota for British Columbia shingles as a promise of better conditions in the shingle industry.

One of the most important factors with respect to the lumber industry is the removal of the Marking Act. I wonder how many members realize the significance of this to the lumber industry of British Columbia. If the Marking Act of the United States passed against Canadian lumber last year had been kept in effect, it would have meant that no Canadian lumber would have been sold in Washington, Oregon and other states. Not only so, but even lumber that might have entered that market would have gone in at a greatly added cost to the lumber manufacturer. Consider, first of all, the shipment of mouldings, fine small lumber for house interiors. Those exporting that would have to employ extra labour to stamp every single piece, and it was estimated that this would cost at least $20 a carload extra for this class of lumber. Apart from that, I doubt whether, if that requirement had been imposed, we would have sold any lumber in the United States.

We are aware of the intense nationalism prevailing in some quarters in the United States, which are demanding that the American people use nothing but United States lumber and other articles. If an agitation of that kind were set going in the United States, what trade unions or other bodies would have been willing to use lumber stamped as Canadian lumber? It is generally conceded, and I do not think any hon. member would deny, that the removal of the markings requirement has been one of the splendid things done under that agreement on behalf of the lumber industry of British Columbia, even if nothing else had been done.

In passing, might I place on record some figures regarding shipments of lumber to the United States. I want, however, to be fair; no one would deny that the British market is of some importance to us. But bear in mind that British Columbia has been shipping only the cream of its lumber cut to Great Britain. Between 15 and 20 per cent only of a tree is clear No. 1 lumber, and this is what has been going to the old country. The rest of the tree, some 70 or 80 per cent, is of inferior grade, for which a market must be found. That market was principally in the United States, and of course in better times we had a wonderful market for it on the Canadian prairies and locally in British Columbia. Great Britain takes little if any of that inferior grade of lumber. It is interesting to note that in shipping the very cream of our lumber to Great Britain the manufacturers got less than for the poorer grades shipped to the United States. Here are the figures. For planks and boards shipped to Great Britain last year—and for other years one finds the comparison the same—the prices received worked out at $13 per thousand feet, whereas $15 per thousand was obtained for the inferior grades shipped to the United States. For hemlock the figures are the same. But if one takes the total average price of all shipments of wood, including squares, planks and boards, we find that shipments to Great Britain last year brought us $22 per thousand as against $26 per thousand on shipments from British Columbia to the United States. Last year the United States took $168,990,160 worth of our lumber products, that is all products of the forest, including lumber, pulp and paper. Great Britain took $45,354,428 worth. This means that the United States took 60 per cent of our forest products as against 18 per cent taken by Great Britain. I am not minimizing the value of the British market, but I place these figures before the house to show the importance of the United States market for our lumber and forest products.

The leader of the opposition made special reference to doors, and I wish to deal with that for a moment. He said, speaking about some gentleman who had called to see him:

> He says that the door industry in British Columbia began in 1933, after we obtained the preference on doors in the British market. I will read the data he gave me just as I jotted it down. Until 1933 Canada had no wooden door export business at all. In 1933, the year when the British empire trade agreements were negotiated, we exported 50,000 doors, and that number increased to about 1,000,000 doors in 1938. In looking over the figures I found that our exports went to 1,681,000 doors in 1936, when business was a little better, or nearly 2,000,000 doors in that year, and then with the drop in business generally the figure came down to about 1,000,000 doors in 1938.

In reply to that statement I would point out that doors were not bound in the Ottawa agreements at all. Lumber was, and so were apples and other articles, but not wooden doors. In the old country they have what is called an import duties advisory committee,

and on three occasions that committee recommended three increases of duty. Those three increases occurred, the first in April, 1932, when a duty of 15 per cent ad valorem was imposed. In June, 1933, it was raised to 2 shillings per door, and then in January, 1935, the duty was raised to 2s. 6d. per door. In January, 1939, there was a drop from 2s. 6d. to 1s. 6d. per door. But if one looks over the shipments of doors to Great Britain one observes the significant fact that in 1936 shipments of doors were actually greater than in 1937 or 1938. In other words, as the import duty was increased, giving more protection to doors from Canada, imports from Canada fell.

I would particularly point out to the leader of the opposition that in the Ottawa agreements of 1932 doors were not dealt with; therefore the information he received from someone from British Columbia was not correct. They are manufacturing doors in the old country from imported stock, and the import duties advisory committee make recommendations to the government according to the production of doors in Great Britain. Practically no complaints have been received from Canadian manufacturers of doors as a result of the reduction in the preference, because it is realized that the duty was being reduced from the high level to which it was raised, simply for the purpose of affording protection to the industry in the United Kingdom. One British Columbia business man said that in his opinion shipments from British Columbia would have continued to decrease under the former preference on account of the expansion of the manufacture in the United Kingdom.

Coming now to the duties on fish in the new agreement, first I would point out the benefit we received in connection with halibut under the new trade treaty put into effect by this government after they first came into office. The duty on halibut entering the United States from Canada was two cents a pound. When we came into office and made the new trade treaty with the United States, that duty was dropped to one cent. Now that one cent a pound duty is being maintained, but the reduction means and has meant many thousands of dollars extra to our Canadian fishermen. We sold to the United States in 1935 over 2,500,000 pounds of halibut; in 1936, over 4,500,000 pounds; in 1937, 4,724,000 pounds; and last year 5,633,200 pounds, with a duty of one cent a pound. This meant that in 1938 some $56,332 more money went into the pockets of our British Columbia fishermen than would have been the case if the duty of two cents a pound, which was in effect prior to this government taking office, had remained.

We have made some shipments into the United States of fresh and frozen salmon. The duty on this has been reduced by 50 per cent. On pickled or salted salmon the duty has been reduced from 20 to 12 per cent. Of our total exports of fishery products in 1937, amounting to $28,902,152, Great Britain took $6,721,766 worth as against $14,004,573 worth going to the United States which is equal to 50 per cent of the total value of our fishery catch in 1937. I point that out to show the valuable market we have in the United States for many of our varieties of fish. I am not overlooking the fact that our canned salmon entering the British market will still retain the 10 per cent preference it has enjoyed since the Ottawa agreements.

Looking over the agreement I note that the duty on corn from the United States, the Argentine and other countries outside the British commonwealth of nations has been reduced from twenty to ten cents a bushel. Formerly it was twenty-five cents a bushel. Great quantities of corn come in from the Argentine and the United States. It is true that corn has in some years been imported from British East Africa and British South Africa, and these importations, of course, are free of duty. But Argentine corn and United States corn are of splendid quality, and we in British Columbia must import corn to carry on a successful poultry business. In 1935—I am speaking strictly of corn fed to poultry—we imported over four million bushels of corn with a value of $2,869,088. In 1938 we imported almost three million bushels, with well over one million bushels coming from the United States and the Argentine. A reduction of ten cents a bushel in the duty means a considerable saving; in fact it means $10,000 more in the hands of our poultry men of British Columbia on the amount imported last year. When I left home for Ottawa early in January the price of corn was almost prohibitive, and wheat was the lowest price known, I think, since confederation, selling at around $21 a ton, while corn was selling for around $38 a ton. The reduction from twenty to ten cents a bushel will mean that we in British Columbia at least will be able to import large quantities of corn at a 50 per cent reduced duty cost from the United States and the Argentine.

I have not time to go into all the details in connection with vegetables, but I would refer for a moment to potatoes, and I want to be fair in my remarks. We in British Columbia have not got all we wanted under this trade treaty. I suppose it would be impossible for any province to get all it wants. Particularly do we criticize the potato

tariff. We believe that British Columbia should have been placed on an equal basis with the potato growers in the states of Washington, Oregon and the southern states because there they have a climate and labour conditions superior to ours in British Columbia. If like protection could not have been given, I should like to have seen at least a countervailing duty on potatoes, as we have on eggs. We have a five cent duty on eggs coming in from the United States, and likewise a five cent duty on Canadian eggs going into that country. There are, however, some benefits along that line because the duty on incubators has been reduced. The incubators, the large ones that we use in British Columbia, are imported mainly from the United States. In 1930 we imported 23 658 incubators, with a value of $498,398; there was no duty. In 1935 we imported 560 incubators from the United States, with a value of $8,348, on which we paid a duty of $2,000. Under the new agreement the tariff has been reduced from 12½ per cent to 7½ per cent, and that coupled with the removal of the 3 per cent excise tax will mean that those purchasing incubators—and we import them mainly from the United States—will be saved a considerable sum of money.

There has also been a reduction in the United States duty on oats, from 16 to 8 cents a bushel; on barley going into the United States the duty has been reduced from 20 to 15 cents a bushel; and on rye the duty has been reduced from 15 to 12 cents a bushel. We do a considerable trade with the United States in these grains. For instance, in 1935 we shipped to the United States nearly $1,800,000 worth of oats and over $6,000,000 worth of barley; of rye we shipped to the United States $384,000 in that year, with none going to Great Britain.

One other matter on which I wish particularly to dwell for a few moments is the reductions in duty that have been made on gasoline since this government came into office. Between 1930 and 1935 the duty on gasoline entering Canada was 2½ cents a gallon. In 1936 the duty was reduced to 2¼ cents a gallon, and it is now reduced to one cent a gallon. According to evidence which has been submitted before an inquiry being held in British Columbia, this will mean a saving of $2,000,000 to users of motor cars or trucks. I doubt if any member, even from British Columbia, will dare to criticize the reduction in duty on gasoline. In that province we used some 60,000,000 gallons of gasoline last year. That means a saving of $2,000,000 all of which is going into the pockets of our people; they have been saved that amount.

So, after all, Mr. Speaker, there are many good things in this treaty. It cannot be as bad as the leader of the opposition painted it. I noticed that before he sat down even he was willing to admit that there were some good things in the treaty, and it is going some, I believe, for the leader of the opposition to admit that.

In conclusion, I believe that the new trade treaty as consummated between Great Britain, the United States and Canada, is the first sign of returning sanity to the world as shown in freer trade.

I listened to the speech of the hon. member for Rosetown-Biggar (Mr. Coldwell) when he said that democracy was on trial. I wish the majority of us who believe in democracy would put it the other way round and say that it is the dictators who are on trial. That, at least, is my construction of the situation. It is true there are many faults with democracy, but, so far as I am concerned, I will fight to retain democracy, even with its faults, as against the systems we are now witnessing in Europe and elsewhere.

I suggest we ought to take the saner and broader view that it is the dictators who are on trial, and remember in those dictator countries they are not providing useful occupation for their people. I wonder what conditions they would have, were it not for the fact that they have many millions of their citizens under arms. I wonder what kind of system they would have. Let us take another viewpoint of these serious affairs; let us take a little more pride in our own democratic system, even though it has many of the faults the hon. member has mentioned.

I am pleased, Mr. Speaker, to rise in my place and support the new trade agreement.

Mr. J. A. MARSHALL (Camrose): Mr. Speaker, as I sat in the house the other day and listened to the speech of the Prime Minister (Mr. Mackenzie King), I could not help contrasting that speech with the one he made in the session of 1936 on a resolution somewhat similar to the present one. All hon. members recall what happened at the election of 1935 when, with a very large following in the house, the Prime Minister was returned to power. In a moment of unguarded ecstasy he announced that the problems of unemployment, debt, taxation and similar evils would be promptly dealt with, and that measures tending to solve those problems would be introduced.

Losing no time he promptly and unostentatiously slipped out of the capital city of Ottawa, accompanied by a band of competent experts, bound for the city of Washington.

In due process of time he made an agreement with the United States, one which was heralded as being of supreme importance to the economic well-being of the people of Canada. I was quite satisfied then, as I am now, that the Prime Minister felt in his heart that in completing the agreement he had achieved something which to a very large extent would cure most of the ills to which we are subject. On that earlier occasion every seat in the Liberal and opposition benches was filled, in marked contrast to the situation which obtained when he delivered his speech on the treaty resolution at the present session. On the earlier occasion his followers were all in their places, and loudly applauded every point he made.

If I recall correctly, at that session very few if any of the social crediters spoke on the resolution. I, for one, did not say a word on it. Why? One lesson I have learned during the last few years is clearly to distinguish between results and methods. I have also learned that as a member of parliament I should at all times and on all occasions endeavour to press for results, and let the methods be taken care of by experts. I firmly believe that the reason for so much acrimony in the debates of the house is that members are constantly quarreling over methods, and not paying proper attention to results.

Trade agreements have always been the rock upon which we have split. Why? Because they are designed as methods to give us results. We will always fight over methods and forget about the results. In the 1936 session, the Prime Minister said, in effect, to us, as members of the House of Commons: "Fellow members, I agree with you that unemployment is still a grievous problem. The people are burdened with debt and taxation, and poverty exists in the midst of plenty. Budgets are far from being balanced, and our young people are wandering hither and thither, not knowing what to do. I have consulted with my colleagues and with experts in the various departments of government, and we have come to the conclusion that trade agreements will go a very long way toward solving our difficulties. Accompanied by some of these experts I went to Washington, and I now offer to you a trade agreement, as a solution to our problems. I recommend to you the acceptance of this trade agreement as a cure for our economic ills. It is one of the great methods of obtaining certain results which I believe will be of great benefit to the Canadian people."

The Prime Minister did not use those words, but in effect that was the thought which was conveyed to me by his speech. I for one took the Prime Minister at his word on that occasion, but I made up my mind that I would demand the removal of those experts, if their plans failed to accomplish the things they were designed to do. I believe that agreement has failed entirely in its purpose, and I therefore demand that the people who were a party to the agreement be removed from office.

Let us ask ourselves this question: Has the trade agreement of 1935 done for Canada all that it was expected to do? That is the question I must ask myself before I can conscientiously give my assent to the present agreement. As I look back over the past three years, I must conclude that the trade agreement has failed to solve to any degree the major problems the country faces. Unemployment continues to be our main and urgent national problem; debts and taxation continue to mount; credit and currency are still in the hands of private vested interests; our budgets remain unbalanced; the railroad problem is ever present, and the problems of youth remain unsolved. Perhaps these problems are a little more perplexing to-day than they were in 1935. Can anyone from his place in this house say that this agreement has solved any of these problems?

Did anyone benefit by the agreement? Let us face this question. I firmly believe that some people did benefit. Big business, from whose coffers I understand flow most of the campaign funds, was one of the main beneficiaries under this pact. Whether one can credit their achievements to trade agreements is a matter of opinion, but certainly the fact stands out in bold relief and we must attribute these things to something. In 1937 the dividends paid by Canadian business firms and industrial corporations reached a peak of $323,750,000. That was the highest figure in many years. I believe the second highest since confederation. For the year ending December 31, 1938, the amount paid was $322,125,000, just slightly under the figure for 1937. When one contrasts the situation which our agriculturists and primary producers faced during those years with conditions such as drought, hail, grasshoppers and the manipulation of prices on the part of those who control the prices of cattle, hogs and dairy products, with the situation as faced by big business enterprises, one can understand quite easily why this trade agreement does not arouse the same enthusiasm in my heart as did the trade agreement of 1935.

Let me touch briefly upon the present agreement. In effect the Prime Minister has said

to us: "Gentlemen, this treaty, the ratification of which I am seeking from this parliament, is designed to cement the bonds of friendship between the great democracies of the world." Evidently it is a political, not an ecomonic agreement. Somewhere, some time, the Prime Minister, speaking of this agreement, said that the stability of the civilization we cherish depends more than ever upon the friendly association of the great English speaking nations of the old world and the new. I want to tell the Prime Minister that high sounding platitudes never paid the mortgage on a farm or the grocery bill when crops fail and hog and cattle prices drop out of sight.

As a matter of fact, I am not particularly interested in what the Prime Minister or even the leader of the opposition (Mr. Manion) thinks of this pact. What I should like is an opportunity to question the three experts who were sent to Washington to negotiate this agreement. I should like to know what general instructions were issued to them. Were they told, in all their deliberations, to lean toward the side of big business, or were they told to bargain on behalf of the primary producers? The experts who worked out this agreement spent more than eight months in constant consultation and negotiation, and their work has been alluded to in glowing terms by the Prime Minister. These experts know what they set out to accomplish, and I should like to know from them what results they hope will accrue from this trade agreement. I should like to know also if they believe that this agreement is designed to cure most of the economic ills of Canada. If it is not designed to do that, then what in common sense is it designed for? If they hedge on their answers, they should be promptly dismissed from the service and their posts occupied by those who know for what we are striving and will use their knowledge and ability toward that end.

The attitude and the position of the group to which I have the honour to belong were clearly and positively set forth yesterday by the hon. member for The Battlefords (Mr. Needham). I need not enlarge upon his remarks, because those who run may read. It seems difficult for some people to understand the philosophy of our group. We believe that the first and main responsibility of any government is toward its own citizens. The consumption of the people of Canada must be greatly stimulated. They are not getting all they can eat or all they can wear. So long as the condition exists where one person in every ten is living on the edge of poverty, our whole attention should be concentrated on this problem rather than on shipping out of the country goods which could easily be consumed within our own borders if the people had the necessary purchasing power.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. MARSHALL: Mr. Speaker, when the house rose at six o'clock I was endeavouring to show that we should concentrate more on the consuming public in the dominion and less on the producer. The Prime Minister (Mr. Mackenzie King) talks about economic nationalism; he seems to have added a new string to his violin and has been playing this string a good deal during the present session. I wish he would define the term "economic nationalism," so that we would know exactly what he meant. Am I an economic nationalist if I advocate a policy which has for its main objective the welfare and the happiness of the people of our own country; if I say that we should feed our own people first, and change the internal economy of this country so that people can get all the clothes they wish to wear; if I say that we should not export any lumber until the people have decent homes to live in; if I should say that we should keep our potatoes, milk, fish, pork, beef and bacon in Canada, and change the money mechanism to enable Canadians to get these things in abundance; and that then, if we still have a surplus after doing all these things, we should look around the world, see what nation or nations require our goods, and exchange those goods for the commodities which we require? Am I to be considered an economic nationalist if I advocate such a policy as that? Then the Prime Minister can put my name down as one who embraces that philosophy.

It is evident, however, that the Prime Minister has not been following the trend of events in Great Britain. They have there a new minister of agriculture, Sir Reginald Dorman-Smith. On February 1 of this year he made his first public speech as minister of agriculture, in the House of Commons at Westminster. This is what he said:

> Action must be swift and direct to produce that expansion of food production from our own soil which I think is necessary. I know of no more important task than of ensuring that in all circumstances there should be adequate supplies of food for our population in times of emergency.

This new and splendid conception of a million men sent back to the land and half a

billion dollars' increase in agricultural production has been accepted, acknowledged and launched in the parliament of Great Britain. His statement to parliament on that occasion was greeted with loud and prolonged cheers from the biggest house that has ever debated a private member's motion in the present parliament.

Does the Prime Minister of this country realize the significance of the step which is now being taken by Great Britain? That step in my opinion smacks of economic nationalism, and sounds very much out of harmony with the expression of opinion from the Prime Minister when he said:

> We cannot, like some other countries, pursue a policy of producing all that we consume and consuming all that we produce.

I say to the Prime Minister, kindly, let us try it just for once and see how the people react to the experiment.

In conclusion, Mr. Speaker, realizing full well that this pact will do nothing more than provide Liberals and Conservatives with an opportunity to argue with each other over tariffs, whether they be high tariffs, low tariffs or what have you; realizing that it will do nothing more than divert another huge stream of dividends into the pockets of big business manipulators; realizing too that the Liberal party can pass this pact whether we like it or not, let us end this discussion, wash our hands as quickly as possible of the pact and get down to the pressing needs of the people, which in my opinion will not be relieved in any great measure by this agreement. Let us tackle unemployment, debt and taxation, and that greatest bugbear of all politicians, the railway problem. Let me assure hon. members that I am willing at any time to sit down with any man or any group of men in an honest endeavour to find a solution of these perplexing problems. Let us try to find a solution of these problems. On the other hand, if the government feels that this trade will cure all our ills, let us clear off our desks, go home, and wait and see.

Scientific engineering has changed our whole economic trend of life. These engineers have conferred upon us untold blessings, but at the same time they have multiplied our problems. If we solicited their help instead of invoking the aid of so-called experts who still live in the reflected glory of Sir Wilfrid Laurier and Sir John A. Macdonald, we would soon get ourselves out of this sorry mess in which we find ourselves to-day; for truly it is a sorry mess. If we did less talking for *Hansard* and more real work for Canada, we would soon accomplish that which we were sent here to do. When the gong sounds in the next federal election battle, and the nominated candidates stand on platforms extolling the virtues of their own party and magnifying the vices of their opponents, the average Canadian citizen will judge the candidates and their parties, not on the methods used but rather on the results that are obtained.

Mr. H. R. FLEMING (Humboldt): Mr. Speaker, the only issue in this debate is whether this is a good trade treaty or not. We are not discussing whether a trade treaty between Canada and the United States or between the United States and Great Britain should have been negotiated. Those treaties have already been made. On this side of the house we evidently believe that this is a good trade treaty. The opposition, however, seem to think it is not. I believe that reasonable people will agree with the leader of the opposition (Mr. Manion) when he says that time, and time alone, will tell.

Even as a doctor, I would not care to predict the sex of a child before it was born, and I am sure that the leader of the opposition would not, but there are certain things I can predict from heredity. I can be certain, if a child is the offspring of certain lines of white people, it will be white, but I cannot tell what its actions will be when it grows up. Some of its actions may be good and some of its actions may be bad. That is the old Mendelian theory.

The heredity of this child is good. I like its colour, and I think we should give it a chance to prove its usefulness before we judge its character. Because of the eugenics of the mating I have high hopes for this child.

There is a story told of an astrologer who had offended one of the great French kings, and who was about to be beheaded. The French king called him and asked him to predict the date of his death upon the guillotine. The astrologer replied, "Four days before your majesty's death." Needless to say he still kept his head.

The opposition seems to be forecasting a somewhat similar fate for his majesty's Canadian government. Unfortunately in the past we have done something to justify this prediction. We tried to strike a death blow at Toryism by providing for a reduction in tariffs, and about four months afterwards we were "guillotined" from power. Sir Wilfrid Laurier negotiated a trade treaty, and the people did not have an opportunity to find out whether it was good or bad before there was an election. The Dunning budget was brought down in 1930, and once again, before the people could find out whether it was good, bad or indifferent, the Liberal party went to the country and were driven from office. Even

the Minister of Finance (Mr. Dunning), who fathered that budget, met personal defeat in the capital city of Saskatchewan. For some weeks now, there has been a persistent rumour in the highways and byways and everywhere else that the Liberal government of to-day will go to the country this year. Of course, I shall have nothing to say about that question; that is the prerogative of the Prime Minister (Mr. Mackenzie King) alone. If I did have any say in the matter, however, I would say that I can see no rhyme or reason why this Liberal government should go to the country this year. As the Prime Minister has pointed out, we have won all the by-elections east and west with the exception of one in Ontario.

Mr. MARSHALL: And one in Alberta.

Mr. FLEMING: Oh, that is a long time ago. In my opinion this is a good treaty, and I am so sincere in that belief that I want to see it proved. Should an appeal be made to the people of Canada to return us to power on the prediction that what we have done will prove to be right, or should we appeal to them when we can point to the results of the treaty? What would have been the effects of the reciprocity treaty that was fought so bitterly in 1911, no one can say with surety. I do not intend to thresh old straw over again, but the hon. member for St. Lawrence-St. George (Mr. Cahan) the other night went back to "No truck or trade with the Yankees". He said we were at the parting of the ways; though he may not have used these words, he implied that Canada would become nine states of the American union; that annexation was in sight, and he brought forward again all the bugbears that we heard in the election cry of 1911.

I remember as a young man attending college at Kingston, and the first public meeting I ever went to was in 1911. During that year we had debates at college on the reciprocity issue and we wrote essays on reciprocal trade treaties. We thought they were a splendid thing. In fact, in the junior matriculation examinations of 1911 one of the questions on the paper was to write an essay on reciprocity. About that particular time there came to the city of Kingston a man known then as the Hon. Mr. Foster, who was heralded to speak on reciprocity. As I remember, a number of us from high school attended that meeting. We were standing at the back of the hall, and I recall vividly—because he was a splendid orator—that with all his oratorical skill, pointing to the end of the hall, he said: "Young men, this may be the first vote that you will cast; but before you do anything, before you act on anything I may say, I would ask you to go to-morrow morning to Macdonald park and there gaze upon the statue of the great Sir John A. Macdonald. For forty years he represented this historic city of Kingston. Read on that monument the inscription: 'As for myself alone, my course is clear. A British subject I was born, a British subject I will die.'"

Well, Mr. Speaker, we wondered what he meant. We wondered whether he implied some test of our loyalty and devotion to king and country. At any rate that was the impression which was left by this great orator who spoke to us on reciprocity. The same old straw is being threshed over now, and the hon. member for St. Lawrence-St. George is trying to live over again those old, unhappy, far-off days, and those battles of long ago. He was trying a few nights ago to fight them over. In his old age he has become so vicious and so venomous. Look how venomous he has become against the Prime Minister of the country, how venomous he became a few days ago against the Minister of National Defence.

One of the chief cries of the Tories has always been that we are severing our ties with the mother country; but now, with the present trade arrangement, I do not see how they can say very much about this, because the mother country has also made a trade treaty with the United States. For many reasons it is a brimming measure of satisfaction to us to know that Great Britain has found a basis of economic cooperation with our great neighbouring republic, that great democracy to the south of us. In spite of the tendency of the leader of the opposition to scoff, I believe that this is one of the longest steps toward world stability and peace since the great war. My hon. friend the leader of the opposition was scornful of the idea that this trade agreement would promote better relations or that tariff barriers had in any way interfered with our friendly relationship or with our mutual prosperity. He said we had had friendly relations with the great United States of America since 1812. I am sorry that he is not in his seat at the present moment, but I should like to draw his attention to those unhappy days from 1866 to 1870. That is one period in Canadian history which he evidently missed.

Let me quote from the hon. gentleman's book, his literary masterpiece, Life is an Adventure. In that book the leader of the opposition says at page 266:

> Conditions generally were somewhat depressed through 1924 and 1925, and the tariff question became a very prominent one in the discussions in and out of parliament. The United States rather short-sightedly kept raising its tariffs

against Canadian production, particularly against the products of our farms, in face of the fact that Canada's ten million people were purchasing from the United States about two dollars' worth of goods for every dollar's worth that the hundred and twenty million Americans were purchasing from Canada. It was an exceedingly unwise attitude on the part of the American people, as Canada was their best customer among all the trading nations, purchasing annually from them hundreds of millions of dollars' worth of goods, yet year by year facing the antagonistic actions of American protectionists who forced through congress bill after bill prohibiting the import of Canadian farm products. It was the beginning of that economic nationalism which has since grown to such ridiculous proportions all over the world that world trade has been almost completely strangled. But in 1924 and 1925 it particularly affected the relations between Canada and the United States, giving rise to exceedingly antagonistic feelings on the part of the Canadians toward their neighbours.

No more effective answer could be given to what the hon. leader of the opposition now tries to make us believe he believes. This is widely different from the view he expressed in this house when he spoke on this trade treaty. I am inclined to favour the opinion expressed in his literary masterpiece, Life is an Adventure, because at that time he did not have his weather eye on the election winds.

Tariffs—tariffs—tariffs—we have argued them until the subject is threadbare. Soon we shall have to discard this political cloak and strike out in some other direction. Yet give a man a little independence and the truth will out. "Economic nationalism which has since grown to such ridiculous proportions all over the world that world trade has been almost completely strangled." So said my authority, that distinguished soldier, parliamentarian and author, the leader of the opposition.

What is the actual tariff situation in relation to Canada? When Sir Wilfrid Laurier came into power in 1896, the average ad valorem rate on dutiable imports was, in round figures, 30 per cent. It was gradually reduced until in 1911 it was 25·9 per cent. Reciprocity would have cut this in half. After 1911 it began to mount again, although there was a considerable drop in 1917 under union government. When the Liberals came into power in 1921, it again dropped and remained fairly constant until the Tories came into power in 1930. Then up it went sky-high. Since the present government came into power, it has gradually declined. But the point is that over a protracted period we have drastically reduced tariffs. In fact, in 1938 the ad valorem duty averaged 23·9 per cent, compared with 23·8 per cent in 1917. The point I wish to make is that the Liberal party worked for three or four or five years in order to get the tariff down to where it was when they went out of power, and then when we go to the country and tell the people that we have reduced the tariff, is it any wonder that even if they do not think we are deliberate prevaricators, at least they think we are a little careless about the truth? We work and get the tariff down but by the time we have it back to where it was when we left office the people do not realize what we had to do.

There are certain things omitted from this tariff cut that I should like to have seen in it. I was pleased this afternoon to hear the hon. member for Rosetown-Biggar (Mr. Coldwell); what he said seemed to me real Liberalism. That is the Liberalism we should be preaching in western Canada. I have continually stressed the fact that prices of farm implements and gasoline are far too high, and I see no mention of them in the trade treaty. The Minister of Agriculture (Mr. Gardiner), who is not in his seat to-night, has told us that there are international combines and that we should smash them. Well, I say to the government that if we cannot smash those international combines and reduce prices of farm implements and the price of gasoline, the government may possibly be smashed. Some way must be found to deal with these problems.

I was pleased to hear the other day the answer to a question as to certain agreements that we have in connection with our trade relations with Germany. The Minister of National Revenue (Mr. Ilsley) told us that we have certain trade treaties. Since that time I have discussed the matter with the Minister of Trade and Commerce (Mr. Euler), and I find that on October 22, 1936, a provisional trade agreement was made between Canada and Germany, and that we have increased our sales of goods to Germany from $3,000,000 in 1936 to $18,000,000 in 1938.

How individual items will work out, no one can tell, but I trust that the results of the treaty will be beneficial to the Canadian people. As to the principles underlying this treaty I have every confidence that it is as the hon. member for Rosetown-Biggar said this afternoon, a step in the right direction. I hope and wish and pray that it will develop into a dog-trot race to prosperity.

At the present time we are faced with an armament race. If the situation could be boiled down to a single reason, that reason is antagonisms aroused by protective systems, national isolationism, economic self-sufficiency, resulting in international hatreds. Nations have entrenched themselves in tariff dug-outs and thrown round themselves a wall of

bristling steel. On the other hand, freer commercial intercourse promotes mutual knowledge and trust. I was glad to hear the Minister of Trade and Commerce the other day state that when he went to the League of Nations and they sat round a common council table and got better acquainted with one another, they were able to discuss their problems in a much more satisfactory way.

All the world contributes to our breakfast table, to our comforts and the convenience and fullness of our lives. Civilization is based upon cooperation; if we refuse to do our part in this wholesome development, this natural way of living, we are contributing to darkness and distrust, and fundamentally are not only anti-social, but anti-Canadian. Our opponents base their arguments on self-interest, or protection. The only logical conclusion is that if we are not going to trade with others, we trade with ourselves only. I can do no better than adopt the language used by the hon. member for Huron North (Mr. Deachman) some time ago when he said that the channels of trade can be deepened and broadened only by deepening and widening the channels of goodwill.

Canada is a country which recognizes that her destiny as a great nation is to be fulfilled not behind impenetrable tariff walls, which not only shut in but shut out, but rather under a policy that will remove tariff barriers, unfetter trade and provide reasonable facilities for the inflow and outflow of goods and for the dispersal over the seven seas of the surplus which providence has so unstintingly bestowed upon us. Would they have us destroy our position as the fifth trading nation of the world? Would they have us use only such things as are indigenous to or produced in Canada? Carry their argument to its ultimate conclusion and you see what a muddle and mess we should get into. We do not want war; we do not want economic conflict; we want a decent chance to produce the things we can produce and exchange the surplus for other goods. If I am a wheat farmer I am not obliged to believe that I must eat only bread and wear a skirt made of straw in order to enjoy an economic utopia. We can participate in economic appeasement without its indicating a back-stroke against self-government or domestic economic advancement. Indeed, internationalism on one hand and national self-government on the other are the very essence of democracy.

Even if the Tories did succeed in their object of excluding foreign goods which would compete with our domestic production; even if we achieved complete control of our domestic market, there is no reason to believe that this would increase distribution so that the Canadian people could enjoy the full output of Canadian industry. In fact, all the experience we have had of such a situation, when isolationism was throttling trade, showed that this pious hope was doomed to complete disillusionment. As a matter of fact, a few years ago we called it depression. Let me ask these questions: Was Canada less able to produce in the depression period? Had our domestic customers disappeared? Had Canada's resources in some inexplicable way become depleted? Was there no man power available? Had somebody destroyed our factories? If our domestic market is the economic paradise, why did we not simply exploit it and grow fat?

Someone will promptly say: "Oh, well, we did not have any money." I am not going to enter now into any monetary argument because I understood the Minister of Finance to say that there was a proper time and place for that, and that was when the barons of the Bank of Canada would appear before the banking and commerce committee. But if you conceive of money as gold, we are as rich as almost any nation in the world. If you conceive of it in terms of goods and services, we have the physical ability to produce the goods and the people willing to furnish the services.

Almost since time immemorial the two great parties in this country have been arguing tariffs, and evidently there is something to be said on both sides or the argument would not have continued so long. I am not one of those who believe that my opponents are complete fools. But the great difficulty that I see is that tariffs give primary benefit, and, in many instances, the sole benefit, to the big interests. The tariff has become a tax which differentiates between the masses and the classes. I say this because I believe we cannot struggle along indefinitely on a system predicated on benefit to the few. I cannot see the masses suffering forever the sight of the goods they need being destroyed so that a few people may grow rich in money power.

What will be the solution? As the leader of the opposition said, time, and time alone, will tell. But as a member coming from the wind swept prairies of western Canada, I say to the Liberal government sitting here for the fourth session of this parliament, that if they do not do something for the people of western Canada by reducing the price of farm implements and the price of gasoline and increasing the price of primary products, there will be such a revolt when the government goes to the country—

Mr. SPEAKER: The hon. member has exhausted his time.

Mr. H. J. BARBER (Fraser Valley): Mr. Speaker, someone has likened this trade agreement to a horse trade. We have made the trade, but we have not got our horses home yet.

The last speaker (Mr. Fleming) has said that time will tell. There was such a lot of ballyhoo attached to the launching of this trade treaty that people are now beginning to think that it is not what it was represented to be. But; now they are told—have patience—it is going to take time to work it out. We were told the same thing in 1935, what great benefits were going to come from the treaty of that year, and how expanding trade was going to solve all our problems. According to the Prime Minister (Mr. Mackenzie King), at that time it was going to solve our great problem of unemployment, stimulate industry, and give more business to our railways, which would be in a much better position because of the trade treaty. But we find, on looking over the country, we have unemployment just as bad as ever, we still have our railway deficits with us, and our industries still languish. I wish that some hon. member opposite, before this debate is concluded, would tell us exactly what benefits we have derived from the treaty of 1935. We know pretty well how it has worked out. Apparently it failed to put people to work, nor did it create any more business for our railways. According to trade returns which have been put on *Hansard* during this debate, the United States is the party that has benefited most from that treaty. Canadian industries have not flourished because of it; in fact, many of them are in a worse position than in 1935.

This trade treaty differs in that it is a triangular arrangement. The Prime Minister, for political effect, has represented this triangular trade arrangement as an international peace move signifying especially a rapprochement between Great Britain and the United States. This has tended to ward off criticism or even examination of the actual terms of the trade bargain. But I think the impression which the Prime Minister sought to give was exploded by my leader (Mr. Manion), who referred to denials from both London and Washington that the trade deal had any relation whatsoever to international politics. It was considered by Washington and London as entirely an economic bargain, and I think that is how we should look at it in this country. It is not a political bargain but an economic bargain entirely, and as Canadians we must consider it from that point of view.

The discussion of this matter, to my mind, involves two questions: First, is it desirable to have freer trade relations with the United States? Second, are the terms of the agreement as a whole beneficial to Canada?

On the first point, the desire for freer trade relations with our neighbours to the south, I think I can safely say that we are all in absolute accord.

As to the second we are not in accord. The Prime Minister and his followers apparently regard the terms of this trade agreement as highly satisfactory; but many of us on this side of the house, after having given the agreement careful study, believe that, on the whole, while this or that particular item might be beneficial to us, it is not in the best interests of Canada.

My first criticism is the same as was directed against the trade treaty of 1935, against quotas being applied to this country. We have given to the United States, a country of 125,000,000 people, everything we had to give, without any restrictions as to quotas. But they are not prepared to give this country the same treatment. Surely it cannot be considered an even deal if we, with a population of 11,000,000 people, must accept quota restrictions on many items of vital concern to us. There is a quota against our shingles, a quota against our cattle, a quota on cream, a quota on milk, and a quota on potatoes. We find we are under a handicap from the very beginning, therefore, in making a fair trade arrangement with the United States.

As has already been pointed out in this debate, the maximum tariff reduction which the president is authorized to make of his own initiative was 50 per cent of the existing rate. The United States tariff is a Republican tariff, the highest tariff in the history of the United States, and even with a 50 per cent reduction it is higher than the Underwood tariff, under which we had free entry into the markets of the United States for a large number of our products.

Second, the powers of the president were restricted as to the duration of the agreement; it was limited to a three-year term.

But the United States did not stop there. They declared, further, that before any bargain of any kind was made with any other country it was essential that the citizens of the United States should be accorded an opportunity of appearing before a tariff board. They had the privilege of filing briefs or presenting arguments concerning any proposal. No such opportunity was given the people of this country. The people of the United States had that advantage over us.

In my opinion this trade arrangement will be most harmful to many Canadian producers. But then the Prime Minister reminded us that the consumer is to benefit. He recited a

long list of benefits that would accrue to the consumer; fresh fruit and vegetables, canned vegetables, many types of fish, whisky, cigarettes, and some lines of clothing would come in at reduced rates. What benefit will this be to the consumer, if he has not the money to purchase these commodities, or if he has not a job? That is the question we must consider.

Naturally the next question is: What is the price we are going to pay? What concessions are we called upon to make? That is the question we must ask ourselves at this time. We are giving up some valuable British preferences, preferences we had in the greatest market of the world. We are giving up much of the practical advantage of the Ottawa agreements. British Columbia is one province that knows the value of those agreements. The 10 per cent preference on lumber gave our province a tremendous market in the old land. Our apple growers know the value of the dollar per hundredweight on Canadian apples. Then, we had the wheat preferences, valuable in itself, and especially valuable in the development of Canadian ports.

We are sharing the preference on fruit and lumber, and we are giving up the wheat preference. The United States apparently considers these concessions of real value to them. Let me quote from comments respecting the United States-United Kingdom agreement, as issued from the Department of Commerce at Washington. This is the United States viewpoint, in regard to grains:

One of the most important concessions is the removal of the duty on wheat, which has been equivalent to about six cents per bushel. This has tended to divert trade to Canada and Australia. The United States formerly sold great quantities of wheat to the United Kingdom and with normal crops in the future and the restoration of free entry it should again be able to sell large quantities. Also—

Listen to this—

—as a removal of the preference, it should be possible for American ports and transportation interests to regain their lost business in the transhipment of Canadian wheat to the United Kingdom.

Take the business away from Canadian ports. Then, in regard to fruit, this is the United States viewpoint:

The United Kingdom has long been the most important foreign outlet for American apples. Formerly this country—

The United States.

—was the dominant supplier of British imports, but since 1932 duty margins against American apples have shifted some of the trade to British empire countries which enjoy free entry; the duty is reduced by one-third by the agreement. This concession should help the American apple export trade to regain a substantial portion of its share of the British market displaced through the former duty.

Those preferences were real. They meant markets for Canadian producers. They meant employment for Canadians. They meant dollars in the pockets of Canadians, and purchasing power flowing through Canadian business houses.

What are we getting in return? We are told we are getting some concessions in the United States market for our lumber, regarded by some of some importance, but with which I shall deal a little later on. We are to get concessions for some of our cattle, some of our milk, some of our cream and some of our potatoes. In introducing the resolution the other day the Prime Minister made the following statement:

British Columbia will be greatly benefited by the concessions with respect to forest products.

Let me say that those of us coming from British Columbia are most anxious that the timber industry of our province should be benefited, not injured, by the agreement. I can safely say the timber industry in our province is our most valuable industry. Under normal conditions we have two hundred mills operating, representing a total investment of close to $100,000,000. The whole economic life of British Columbia is bound up in the welfare of the timber industry. When the lumber markets are active, general prosperity prevails. Depressed conditions are usually traceable to a slump in forest products. It is estimated that at least 75 per cent of the business in the coastal area of the province depends basically on the revenue derived from wood and its derivatives.

The empire agreements, so bitterly opposed by hon. members opposite, have been the most important single contribution to the development of off-shore business during the past seven years. The United Kingdom, which bought less than 100,000,000 feet a year prior to the trade agreement, has in recent years been absorbing more than 600,000,000 feet. The total water-borne exports to different parts of the empire have crossed the billion dollar mark. Unfortunately 1938 has not been such a happy year for the industry. It is true there was a greater shipment of lumber to the United Kingdom; yet the returns were not commensurate with the cost of production, with the result that the year was one of the worst the industry has ever had. And this is one time where under the agreement I should think something should be done—and was expected to be done—to improve this industry.

Mr. EULER: May I ask a question?

Mr. BARBER: Yes.

Mr. EULER: Would the hon. member not attach some importance or credence to the statement of lumber people in British Columbia that they are well satisfied with the terms of the agreement?

Mr. BARBER: I may deal with that in a few moments. What are these concessions which were stressed by the Prime Minister? What are the concessions which particularly benefit the lumber industry of British Columbia?

First, we have the removal of the quota. I am sure that was never reached under the present charge of $2 per 1,000 feet on our lumber entering the United States. Then, there is the removal of the marking regulation. We have heard a great deal about that. It was one of the nuisance regulations placed in effect last fall. The removal of that is beneficial to the industry. In return the industry gives to the United States a portion of its preference on the United Kingdom market. That affects about one-sixth of its present business with the United Kingdom. So at the immediate stage of the trade agreement the lumber industry of British Columbia has received no concessions, with the exception of the removal of the marking regulation, whereas on the other hand, it has given a valuable concession to the United States. If that stage is reached in the trade agreement where the excise tax of $1.50 is removed, then the position of the industry will be much stronger. As the government knows, that of course is a matter which is up to congress.

Mr. EULER: It gets concessions in the United States market.

Mr. BARBER: What our lumber industry wants to-day in addition to water-borne traffic, is a better rail market—all of which would be possible if the United States market were opened to us.

I admit, and we all agree, that the red shingle industry has been benefited by the increased quota. But in order that we may see how bright the picture is, may I refer to another wood product to which reference was made this afternoon, namely the manufacture of fir doors. The manufacture of fir doors for the United Kingdom market has developed into an extremely valuable industry in British Columbia. This industry started in 1933, as a result of preferences obtained in the United Kingdom market on account of the 10 per cent preference which was given in 1932 to empire countries. That preference was strengthened in 1935 by an increase in the British preference to 2s. 6d. Under this three way arrangement the United Kingdom duty on these doors has been reduced from 2s. 6d. each to 1s. 6d., or from 61½ cents to 37½ cents per door, dividing our preference with the manufacturers of the United States.

At this point may I quote from a statement issued by the board of commerce at Washington. This comment, found at page 40, has reference to wood and wood products:

> The duty was first imposed in March, 1932, at the rate of 10 per cent ad valorem, and was successively raised until it became 2s. 6d. per door (or 20 per cent whichever is the greater) at the beginning of February, 1935. These successive increases, which were intended primarily as a protection for the domestic door manufacturing industry, have had the effect of practically eliminating importation from the United States and diverting this trade to Canada.
>
> The United States managed to maintain its trade with the United Kingdom fairly well through 1934, but with the final duty increased to 2s. 6d. per door early in 1935, and the building up of the industry in Canada (imports from which continued to be free of duty) the American trade declined precipitously, until in the first half of 1938 the United Kingdom imported only 1,950 American doors, valued at about $3,500, representing only one-fifth of one per cent by both quantity and value, of the total British door imports. Conversely, imports of Canadian doors have risen from one-fifth of one per cent of the total, by number, in 1932 to 80 per cent of the total in the first half of 1938. The actual number imported from Canada rose to a high of 1,771,251 in 1936, and has since declined somewhat, but the Canadian share of the British market has continued to increase, the imports from Canada having declined less, quantitatively, in 1937 and 1938 than the total imports from all countries.

The curtailing of and the sacrifices made by that industry will mean so many more people out of work. We cannot expect anything else when the preference is handed over. Briefly, these are the wonderful concessions to the forest products industry of which the Prime Minister boasted.

Now I ask: What about the farmer? What is there in this trade arrangement that will help the agricultural industry, an industry that has been struggling under depressed conditions for the last few years? Will it relieve the butter situation in Canada? Will it move the 15,000,000 pounds of surplus butter? Not a chance. We may be able to sell a few gallons of milk and cream if we can get over the United States tariff of 6½ cents a gallon against milk and 28$\frac{3}{10}$ cents a gallon against cream when we are within our quota, and 56$\frac{3}{10}$ cents a gallon when we are over our quota. The quota is just about enough to take care of the production of one county in Ontario. I am sure the dairymen of British Columbia will not be excited over that concession.

The agreement contains a provision to permit live pigs to enter from the United States under a duty of one cent a pound. The duty against fresh pork is 1½ cents a pound.

Then there is the quota against cattle about which we have heard so much. We are told this has been increased from 156,000 to 225,000, but we have discovered only lately that nearly half of this quota is being filled by Mexico. Previously Canada had the whole quota to herself, so that the actual effect is that the quota to-day is less than previously.

Then there is the question of eggs. The duty on United States eggs entering this country has been reduced to five cents per dozen. I can assure the government there will be no cackling or crowing in the poultry yards of British Columbia when eggs from the sunny south start pouring into that province during the winter months. Here is another hard pressed industry that is being called upon to make a sacrifice for the cause of peace in the world.

Next is the potato industry. Potatoes enter this country from June 15 to July 31 by paying a duty of 37½ cents per 100 pounds, while they are allowed to enter free for the balance of the year. Canadian potatoes entering the United States are under a quota, and the United States tariff ranges from 37½ to 75 cents per 100 hundred pounds. That practically destroys the market for early potatoes in this country. I should like to quote a letter received from the British Columbia Potato Growers' Association, and signed by the secretary, in which he gives their opinion as to what will happen under this agreement. The letter reads:

With reference to the provisions and regulations of the new Canada and United States trade agreement, we would like to point out that as far as the province of British Columbia is concerned, it seriously affects our early potato deal. On account of the proximity and climatic advantages of the state of California, the early potato deal in British Columbia will be wiped out, especially as far as the coast is concerned.

As far as the second early and late varieties are concerned, the growers are of the opinion that if there is going to be any trade either way, the tariff should be countervailing or entirely wiped out.

We realize that in this agreement, sacrifices are made on both sides, but we consider it very unfair and too great a sacrifice on the potato growers, especially in British Columbia, where a great surplus has been produced over the past number of years, and which we have in the last three years been endeavouring to control through marketing boards.

We notice that potatoes entering the United States have an all year round duty, but although the tariff is on a sliding schedule, there are a great many provisoes protecting the American potato producer against a dump market; while we have a very short stated period, namely, June 15 to July 31 inclusive, with very little protection and no provisoes, and the dates named, June 15 to July 31, are of absolutely no value to our coast growers.

This is another band of producers called upon to pay a price. As was stated the other evening by my colleague from British Columbia, the fresh fruit and vegetable growers have been dealt another blow by the Liberal party. The attitude of the Liberal party toward this industry is too well known to need my reviewing it at this time. This is a very important industry, from the point of view not only of revenue but of employment. They have always been reasonable in their requests; all they ask is an opportunity to market their products in the Canadian market. They must have protection against the dumping of foreign fruits and vegetables during the seasons when their products are ready for the market. They are not concerned about the tariff that applies during other months in the year. One criticism that was made last season was that the application of the seasonal tariff was considerably delayed. This government has gradually reduced the protection offered during what is termed the "in-season" period. I have prepared a table showing these reductions, which I shall read. These reductions are as follows:

Vegetables	Protection		
	In-season period, 1935	In-season period, 1936	In-season period, 1939
Asparagus, crate 15 lbs.	$1.23	$ .89	$ .75
Beans (green), hamper 35 lbs.	1.43	.95	.67·2
Cabbage, crate 85 lbs.	2.41	1.10	.83·8
Carrots, crate 87 lbs.	2.73	1.65	.88·4
Cauliflower, crate 40 lbs.	2.06	1.04	.76·8
Celery, crate 71 lbs.	2.13	.83	.74·1
Cucumbers, hamper 55 lbs.	2.54	1.81	1.23·5
Lettuce, crate 76 lbs.	1.90	.88	.79·6
Onions, per 100 lbs.	1.50	1.08	.95
Rhubarb, box 46 lbs.	1.50	.88	.56·6
Spinach, bushel 22 lbs.	.49½	.31	.04
Tomatoes, lug 34 lbs.	1.65	.68	.51

The in-season period has been completely removed from spinach and tomatoes and reduced on the other items. The same applies to fruits, of which I will list a few; with the in-season reduction in weeks:

	Protection in-season period			Reduction in-season period
	1935	1936	1939	in weeks
Strawberries, crate 33 lbs.	$1.65	$ .92	$ .78·3	8 to 6
Raspberries and logans	1.32	.77	.59	8 to 6
				plums
Plums and prunes, crate 26 lbs.	.51	.34	.31·6	11 to 10
				prunes
				9 to 8
Cherries, case 11 lbs.	.81	.62	.43·8	8 to 7
Pears, box 50 lbs.	1.00	.76	.67·5	22 to 15
Peaches, case 22 lbs.	.65¼	.42	.38	10 to 9

Speaking the other evening, the Minister of National Revenue (Mr. Ilsley) used some percentages. Let me give some. The reduction in "in season" protection since 1935 ranges from 45 per cent to 92 per cent on fresh vegetables, and on fresh fruits the reduction is from 24 per cent to 67 per cent.

Some of our friends, particularly members from the prairie provinces, will suggest that, for instance, $1.65 on a crate of berries is a high tariff. They naturally add this sum to the market value and assume that the people are going to have to pay that much more for the fruit. That is not the case. I can illustrate my statement by reference to onions. It will be noticed that in 1935 the protection on onions was $1.50 per 100 pounds, a cent and a half a pound, or $30 a ton; and I can assure hon. members that in that year onions from British Columbia sold on the market in Winnipeg at from $15 to $20 a ton. They could not have reached the Winnipeg market had it not been for the protection, which might be considered high, but the people of Winnipeg did not pay any more for their onions than if they had had to depend upon the United States market.

Some benefits may be derived from this agreement, but it is my opinion, after very careful study, that it will not go very far towards correcting the conditions which exist in this country to-day. It will not go very far towards eliminating relief and unemployment as we now have them. As I say, I cannot see that the agreement will be of great benefit to Canada. I have arrived at that conclusion after studying it, not from a political point of view, as the Prime Minister (Mr. Mackenzie King) has done, but from the viewpoint of a business transaction in the interests of the people of Canada.

Mr. J. E. J. PATTERSON (Victoria-Carleton): Mr. Speaker, the discussion upon the resolution which is now before the house has been in progress for several days, and I do not wish unduly to prolong it. I should, however, like to examine it for a short time this evening because, I believe, it affects my native province of New Brunswick and especially because it affects the constituency of Victoria-Carleton which I represent. I wish to deal with it with reference to the items having to do with potatoes, that are so extensively grown in the counties of Victoria and Carleton, which, I believe, is the largest potato-growing area in the Dominion of Canada. These two counties have a frontage of some ninety miles along the United States boundary, and lie adjacent to the famous Aroostook county in the state of Maine, which is the largest potato growing section in the eastern states.

The farmers of this section of New Brunswick have been engaged in the production of high grade stock of table and seed potatoes for the past thirty-five years. The soil is particularly adapted to the production of this crop, and in a good growing season yields of from three hundred to three hundred and fifty and even four hundred bushels an acre are harvested. The average farmer plants from ten to twenty-five acres annually, while other farmers plant from fifty to one hundred acres, with an occasional grower planting even more. I may say that there is one man in my constituency who last year planted seven hundred and fifty acres of potatoes. So it will be seen that the successful marketing of this crop is of vital importance to this section of the province. The large quantity of potatoes harvested cannot be taken care of locally, and export markets are necessary. Export markets for our potatoes are of great importance not only to the maritimes but equally to Ontario and Quebec; for the total quantity of potatoes available in the five eastern provinces determines the price which the grower receives for his product.

The potato crop is the third most valuable crop produced in Canada, having a value in 1937, according to the Canada Year Book, of

$44,000,000. Wheat and oats are the only crops of greater value, and these have a value of $204,000,000 and $110,000,000 respectively. In the maritimes the potato crop is of still greater importance, because it is practically the only cash crop and has the greatest value of any crop raised. In 1937 it amounted to $11,500,000.

Prior to 1920 we enjoyed excellent markets for our potatoes in Cuba and the United States, in addition to the Canadian market. The Cuban duty from 1904 to 1927 was 65 cents per 100 kilos—220 pounds. In 1927 this duty was changed to a seasonal one of $1 per 100 kilos from June 1 to November 30, and $2 for the balance of the year. In 1929 it was again raised to $1.50 per 100 kilos from July 1 to October 31, and $5 for the balance of the year. In 1931, this was made $5 for the whole year. Again, in 1934, there was another change from July 1 to October 31, $4 per 100 kilos, and $5 per 100 kilos for the balance of the year. Then came 1936, when this duty was doubled. From July 1 to October 31, it was made $8 per 100 kilos, and the rate for the rest of the year was $10 per 100 kilos. This applies only to table potatoes, because seed potatoes enter free of duty. What has been the result? The result is that our exports of potatoes to Cuba have fallen off from 2,303,000 bushels in 1930, with a value of $2,081,000 to 317,000 bushels in 1937, with a value of only $297,000, this being seed potatoes.

Let me now deal with the United States market. Prior to 1921 potatoes were free. In that year a duty of 25 cents a bushel was placed against them. In 1922 this was raised by the Fordney-McCumber tariff to 50 cents per 100 pounds, and again raised by the Hawley-Smoot tariff of 1930 to 75 cents per 100 pounds. This last increase made it almost impossible to gain entrance to the United States market. In 1920, New Brunswick alone had an acreage of 78,335 acres of potatoes, with a value of $10,857,000. This had fallen in 1936 to 45,100 acres of potatoes, with a value of $5,987,000. The result of these increases in the United States tariff was to lower Canadian exports from 4,928,000 bushels in 1930, with a value of $4,720,000, to only 498,000 bushels in 1935, with a value of $206,000.

With the coming into force of the Canada-United States agreement of 1935, our exports again began to increase, and in 1938 amounted to 912,000 bushels, with an increase in value to $684,000. I think it is obvious from the figures I have quoted that when the United States duties were low, our exports were high and consequently the more return the farmer had for his product. In order to get the potato situation squarely before us, I do not think I can do better than read that part of the press release which refers to potatoes.

Potatoes: The new trade agreement provides for valuable concessions on potatoes, both certified seed and table stock, which will be of great help to producers in the maritime provinces and which go much further than the concession on certified seed potatoes in the 1935 trade agreement. Whereas that agreement reduced the duty on certified seed potatoes from 75 cents to 45 cents per 100 pounds during the period March 1 to November 30 and to 60 cents during the remaining three months of the year on an annual quota of 750,000 bushels, the new trade agreement provides for the maximum reduction to 37½ cents per 100 pounds or 22½ cents per bushel on an annual quota of 1,500,000 bushels or double the tariff quota in the former agreement. The reduced rate of 37½ cents per 100 pounds will apply throughout the entire year when the United States is no longer obligated to accord to Cuban seed potatoes a preference of 50 per cent of the duty on seed potatoes imported from other countries during the three months December to February inclusive. Arrangements to be free of this obligation can be made during the course of the year 1939, so that the practical effect will be that the new reduced rate of 37½ cents per 100 pounds will come into force on March 1, 1939, but during the months of January and February, 1939, the rate of 60 cents per 100 pounds will still apply to certified seed potatoes imported from Canada.

The 1935 trade agreement contained no concession on table potatoes. The new trade agreement provides for the maximum reduction to 37½ cents per 100 pounds during the period March 1 to November 30 and a reduction to 60 cents per 100 pounds during the period December 1 to the end of February on a quota of 1,000,000 bushels, which, however, will be increased in any year in which the United States crop falls below 350,000,000 bushels by a quantity equivalent to the amount of the shortage. The reason for the maximum reduction on table potatoes being confined to the period March 1 to November 30 is that the United States has treaty commitments with Cuba which preclude a reduction below 60 cents per 100 pounds during the period December 1 to the end of February. The same consideration is not so important in the case of seed potatoes, because Cuba is not a producer of certified seed potatoes. The quota periods for both certified seed and table potatoes will commence on September 15 of each year. The rate of 37½ cents per 100 pounds is a lower duty than any imposed on Canadian potatoes imported into the United States since 1921.

I do not believe that there is any commodity which has responded more quickly to the impetus given it by this treaty than have potatoes. The Minister of Trade and Commerce (Mr. Euler), speaking in this debate on Friday last, pointed out that exports of potatoes had increased from $1,043 in January, 1938, to $141,525 in January, 1939. This agreement also provides that the quota of a million bushels for table potatoes will be increased, in any year in which the September estimate of the United States Department of Agriculture is less than 350,000,000 bushels, by a quantity equivalent to the

amount of that shortage. Since the tariff quota for potatoes commences on September 15, the additional amount of the quota, if any, will be known before the quota period commences. If this arrangement had been in force during the past ten years, Canada would have enjoyed an increased quota in five years out of the last ten, because the September 1 estimate for the following years was less than 350,000,000 bushels, as follows:

Year	U.S. Sept. 1 estimate (bushels)	Amount under 350,000,000 bushels (bushels)
1929.	349,112,000	888,000
1930.	339,278,000	10,722,000
1933.	293,585,000	56,415,000
1934.	337,141,000	12,859,000
1936.	311,951,000	38,049,000

Mr. BROOKS: How many millions of bushels are produced in Canada?

Mr. PATTERSON: The crop this year was 59,600,000 bushels.

Mr. BROOKS: We could hardly have sent them 38,049,000 bushels in 1936.

Mr. PATTERSON: We would have had the opportunity at any rate.

The leader of the opposition said the other day that one county in New Brunswick could fill the quota. In the years in which the annual crop was lower than 350,000,000 bushels we would have had an unlimited market for our potatoes.

The total quantities under the 350,000,000 bushels in these five years amounted to 120,933,000 bushels, or a yearly average, for the past ten years, of 12,093,000 bushels. With a short rail haul and lower cost of production we can successfully compete with our neighbours in Maine.

Mr. BROOKS: Where did the hon. gentleman get his figures?

Mr. PATTERSON: From the tariff department in Ottawa.

The hon. member for Lanark (Mr. Thompson), speaking on this resolution the other evening, is reported on page 1196 of *Hansard* as having said:

> The duty on exports to the United States has been reduced from 45 cents per 100 pounds to 37½ cents—not a very material reduction. But here is the joker: it is good for only nine months. For three months—December, January and February—the exporter must pay 60 cents per 100 pounds.

While it is true that, for the present Canadian seed potatoes are entitled to the maximum reduction of 37½ cents per 100 pounds only during the period March 1 to November 30, it is believed that, as a result of negotiations now in progress between the United States and Cuba, Canadian potatoes will, from March 1, 1939, be entitled to the low rate during all months of the year up to a quota of 1,500,000 bushels per annum.

Under this treaty United States potatoes are allowed free entry into Canada except for the period from June 15 to July 31. It has been stated by some who are opposing this treaty that this will allow the United States to flood our markets. I am not one who entertains this view, for the reason that the price in Canada is nearly always lower than in the United States. From 1925 to 1938 there is not a single year that the average Canadian retail price has been higher than the average United States retail price, and this is borne out by the following figures which I have secured from the bureau of statistics:

Year	Average Canadian retail price per bushel	Average United States retail price per bushel
1925..	$1 09	$2 16
1926..	2 02	2 94
1927..	1 53	2 28
1928..	1 27	1 62
1929..	1 38	1 92
1930..	1 66	2 16
1931..	89	1 44
1932..	68	1 02
1933..	92	1 38
1934..	90	1 38
1935..	77	1 14
1936..	1 24	1 92
1937..	1 15	1 68
1938..	85	1 26

I do not believe our United States neighbours will ship potatoes into Canada only to get a lower price than they command on the other side.

Canada's imports of potatoes come almost wholly from the United States and Bermuda. The United States supplies about 90 per cent of these imports. These are nearly all table potatoes, as less than 5 per cent of our imports in 1937 and 1938 were certified seed. Our largest imports of United States potatoes are during the months of June and July, and it is during this period that by the terms of this treaty we are protected by a duty of 37½ cents per 100 pounds. To substantiate this statement I give the following figures:

	Imports of table potatoes from United States		Percentage of fiscal year's imports from United States shipped during June and July per cent
	During 12 months ending March 31 100 lbs.	During June and July 100 lbs.	
1931..	406,480	327,230	80
1932..	190,830	153,920	81
1933..	107,470	93,670	87
1934..	96,480	73,430	76
1935..	113,920	94,230	83
1936..	104,700	73,320	70
1937..	119,570	75,600	63
1938..	146,750	113,490	71
	*160,775	*125,610	*78

*Average imports during eight years.

June and July are the months in which we have protection, so that only 20 per cent comes in during the remaining ten months. Again, there is no doubt that a considerable portion of these imports were of a quality below the standard set for Canada grade 1. Imports of potatoes of a grade lower than Canada grade 1 have been prohibited since February 1, 1939, and this will tend to reduce the quantity of future imports.

The potato growers have also received concessions by a reduction in the duty on spraying materials. The cost of spraying is a considerable part of the cost of raising potatoes, and the reduction from 15 per cent to 7½ per cent is of considerable importance to us. Potato growers during the past few years have gone into the raising of hogs. Cull potatoes mixed with grain are used for feed. Through government assistance and cooperative marketing the production of hogs has increased 50 per cent. A reduction by this treaty in the duty on fresh pork entering the United States from 2½ cents to 1¼ cents a pound, coupled with a reduction in the Canadian duty on feed corn from 20 cents to 10 cents a bushel is also of considerable value.

The potato growers of Maine feel that we have made a good bargain. I live only a few miles from the border, and visit there frequently. Prominent potato brokers in Maine have told me that they have been "crucified" and "sold down the river." Governor Barrows charged that the tariff concessions discriminated against them, and Senator Frazier of North Dakota said he was "satisfied the new trade pacts will be of no advantage to farmers." In any trade agreement the parties to the contract, in order to secure concessions, must give concessions. Coming from New Brunswick, I believe that we have received worth while concessions, even more than we had hoped to receive. In addition to potatoes we received valuable concessions on lumber and fish, but the discussion of these I shall leave to other members from the maritimes who are more familiar with them.

Taking the agreement as a whole, Canada received concessions on 202 items of the United States tariff. In 1937 the value of Canadian exports under these items amounted to $327,505,484, compared with total exports to the United States of $394,240,823, or 83 per cent of Canada's sales to the United States. Dutiable goods to the value of $156,232,137 were exported to the United States in 1937. This agreement contains concessions on 170 dutiable items covering exports to the United States in 1937 of $124,825,174, or 80 per cent of the exports of dutiable goods.

In conclusion, I quote from the December issue of *Canadian Business*:

> Fishermen in the maritime provinces would not believe those who assured them they would get worth while concessions on cod and haddock. Potato growers in New Brunswick and Prince Edward Island smiled when they were told easier access with larger quotas would be given them.
>
> The maritime provinces, with all their misgivings, got much more than they expected.
>
> Even more incredulous were the lumber operators. They were a downcast lot of men up to the day the new agreement was published. They would not believe anything could be done for them. The virtual embargo against their products, through the marking regulation, imposed by act of congress had during the two months of its operation—September and October—drastically cut their exports, and they could not believe President Roosevelt, especially in view of the congressional election results, would meddle with a congressional law.
>
> But overnight their dismay was dispelled. The marking regulation is rescinded, and to top it all the quotas on British Columbia fir and hemlock are extended, also the valuable quota on red cedar shingles is enlarged, so night has become a sunny day for the lumber people whose exports have become a big factor in Canada's external trade.

I should like to read one paragraph from a letter of Mr. W. B. Greeley, secretary-manager of the West Coast Lumbermen's Association, dated at Seattle, November 19, 1938:

> It is still more incomprehensible that the American government should remove the quota on Canadian fir and hemlock; should waive the requirement for marking imported lumber; and should remove the present shingle quota pending action by congress on a shingle tariff. Canada has simply driven another good bargain preying upon the free trade proclivities of the administration. I am very greatly disappointed by this outcome of our efforts.

I am convinced, Mr. Speaker, that there is no constituency in the maritimes that will benefit so much from this treaty as will Victoria-Carleton. Being within easy access of the large markets in Boston, New York and other large United States centres, and being able to produce finest quality potatoes at less cost than our Aroostook county neighbours, we shall be able to compete with them successfully in these large markets. I am also convinced that if the farmers of Victoria-Carleton had their choice, whether to accept the 1935 agreement or the one of 1938, they would unhesitatingly choose the present one, and I, as their representative, propose to vote for the adoption of the resolution.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, earlier this evening we heard from the hon. member for Humboldt (Mr. Fleming), a fellow-member from Saskatchewan. I was interested in listening to him because I ex-

pected he would try to point out how this treaty would benefit his constituency and the electors whom he represents. But he did not offer one really constructive argument in favour of the treaty. He indulged in flights of oratory, and I wish to congratulate him upon his ability in that respect. Then he told us one or two things. He referred to this treaty as a baby born unto this government. I think possibly it had two parents, one of them being the United States government and the other this government, but which was father and which was mother I do not care. But the hon. member, being a doctor, might have told us. Speaking figuratively, in medical terms, I would say that this baby was conceived in iniquity, born in depression, and that it will die in disgrace of its parents.

One other thing the hon. member told us, and that was that he does not want an election this year. Then in one of his flights of oratory he threatened this government that if they did not smash the implement combine—I suppose he was referring to the combine in prices—the people would smash this government. I would ask him to recall the bold statement that was made by the Minister of Agriculture (Mr. Gardiner) during last session, I think it was, in which he threatened the implement companies as to what would happen if they did not do such and such a thing. But nothing happened. Now we have the threat of the hon. member for Humboldt to-night. I might tell the house that following the threats of the Minister of Agriculture against the implement industry, the province of Saskatchewan has now inaugurated an inquiry similar to those which took place in this house in 1937 and 1938. They have the same counsel, and I trust they will get more out of that inquiry than we did in this parliament. The whole speech of the hon. member was an admission of failure on the part of this government.

This trade agreement, Mr. Speaker, is far-reaching in its effects. It may change the whole fiscal policy of Canada, and it should be very carefully considered from the point of view of how it will affect the whole of Canada.

But first I should like to recall that the 1935 trade treaty with the United States was made after the Prime Minister (Mr. Mackenzie King) had paid a visit to Washington and stayed overnight with President Roosevelt, after which he returned and the agreement was signed. But that treaty did not improve conditions in Canada, as we had been led, during the discussion in the house, to believe it would. If one reviews the trade figures of exports and imports for the first ten months of last year, compared with the corresponding months of 1937, one will find that there was a decrease in both exports and imports, and we were heading for an adverse trade balance, which would be detrimental to this country. That treaty did not do what we had been led to expect it would.

The present treaty has been conceived a little differently. The Prime Minister has told us that negotiations were carried on from February last to November 17 last, when the treaty was signed. I asked, what was the cause of the delay? I am credibly informed that the delegates from the United Kingdom and from Canada had to wait for weeks at a time, while the United States delegates consulted with representatives of American industry of all kinds whose business was likely to be affected by the agreements. Why was not Canadian industry consulted in the same manner and given the same consideration? I would ask this government to explain why the live stock industry of Canada was not consulted and given an apportunity of saying whether it was in favour of Mexico enjoying a portion of the quota we have on cattle. Why were not the wheat growers of western Canada, and the pools and the grain exchange consulted with respect to our six cent preference on wheat in the British market? I think that would have been only fair.

The Prime Minister dealt at great length, in introducing this resolution, on the gesture of goodwill that the treaty implied, and the good effect it would have on peace, harmony and unity. But I know, Mr. Speaker, what is in the minds of the western producers, and when they come to consider this treaty from that point of view they will look upon that argument as just so much eyewash. I believe the west is the hardest hit, if I may use that term, of any part of Canada by this agreement. When we have had good relations with the United States for the last forty or fifty years, or more, to suggest that now, after we have made many concessions to the United States, there will be any more harmony or unity between our two countries—well, I do not think the farmer of western Canada will swallow that.

I desire to consider this trade agreement, first, from the point of view of the price we pay for the proposed wider markets we are to have, and, second, from the point of view of how it will affect our domestic market.

Let me say at the outset that naturally a great majority of the people in the west are inclined to favour lower tariffs, and would receive with pleasure any reduction which would mean a lower price on the goods we have to purchase. But I believe the western

producer is fair to the extent that he does not desire any benefit at the expense of his fellow Canadian. That is the way in which we are prepared to view the question. I believe in these matters of trade and commerce, and industry, we in western Canada are fairer than we are given credit for. That, however, is the way we feel at this time.

In the past three years we have had some experience in these tariff matters. For instance, we know that during the Bennett regime the duty on implements was increased. It will be recalled that a deal was made with the manufacturers. They signed on the dotted line that they would not increase the price if they got protection, and we saw lower prices. But when this government took office, two reductions in tariffs took place, reducing the rate from 25 per cent to 7½ per cent, and we have seen three major increases in prices. The proof of the pudding is in the eating.

When the hon. member for Huron North (Mr. Deachman) speaks—and he is the only free trader in the house, I believe—he always keeps away from any article of vital importance. He does not refer to those articles in every-day and practical use in western Canada. His reference the other night to dates was so ridiculous that it was not funny. Certainly no great importance could be attached to the comparisons he made respecting items which would affect our trade.

When introducing the resolution, the Prime Minister referred to concessions which would be of benefit to western Canada. He said that concessions affecting the prairies were received on cattle, swine, poultry, fish, lumber and feed. Saskatchewan produces only a small quantity of lumber, but may I say that there is a concession respecting white spruce which I am pleased to see. It may help that industry in the northern parts of Saskatchewan and Alberta. We may be a little selfish, but we know the effect may be that of increasing the price to the farmer who is to-day in a position to make repairs to his buildings, or to build new ones. In certain parts of the province buildings are in a bad state of repair. If the cost of repairing is increased, the change will, of course, not be received favourably.

May I say a word with respect to fish. The fishing industry can be developed in Saskatchewan. There are fresh water lakes teeming with fish in the northern part of the province. I am informed, in a letter I received the other day, that at the present time thousands of pounds of fish are piled up on the shores, and there is no outlet for the catch. I suggest that the government would do well to take this matter into consideration and to see that some outlet is provided, even if the federal government has to go to the extent of taking up the matter with the provincial government. The fishermen are in straitened circumstances.

The treaty may offer some benefits to the poultry producers; I shall not take time to go into that matter. I regret, however, that we are losing our position in the British market. I recall that in 1932 a trial shipment from Saskatchewan, or one which was made up principally from that province, was received favourably on the British market. I should have liked to see that market developed.

It is scarcely necessary for me to repeat some of the arguments which have already been made with respect to cattle. The agreement is not satisfactory in its manner of operation in this connection. The fact that Mexico shares in the quota makes the whole market very uncertain.

Mr. EULER: It did before.

Mr. PERLEY: Well, I will say this, that there was not one farmer out of a hundred in western Canada—yes, I will say even that there was not more than one member in twenty-five in this house—who knew the quota was to be shared with Mexico. The word never was used. It came like a bolt from the blue to the farmers out west when they learned only recently that Mexico was to share in the quota. One man in my constituency wrote me a letter before the statement was made by the Minister of Agriculture in reply to the question by the hon. member for Haldimand (Mr. Senn). The letter in question was from a shipper in my constituency whose shipment had arrived at Winnipeg the morning the announcement was made that the quota had been filled. The price was down from one and a half to two cents, and he lost about $500 on the car of cattle. Certainly that man will not forget what the quota has meant to the cattle industry. If I had time I could place on record letters I have received from other shippers who had been advised to withhold their cattle because the quota had been filled.

The duty is now at three cents, and will remain there until April 1, at which time there will be a further opportunity to fill the quota. No doubt at that time there will be a rush from both Mexico and Canada. There can be no doubt that we were not properly informed with respect to that part of the agreement. I would say further that in connection with cattle the Minister of Agriculture should direct his attention to the cattle industry in Saskatchewan. In 1937-38, as a

result of the policy adopted by the government in providing relief feed and fodder for cattle, we were dealt a blow. Rules and regulations were set up whereby in certain areas a farmer could not retain more than four female animals. That factor has worked to the detriment of our farmers, and is a blow from which we shall not readily recover in many years. It takes quite a while to produce a steer; in fact, it takes three years to produce one fit for shipment. The west could not supply the quantity it could have supplied in normal times, even if we had the whole quota of 225,000 head to work on. I may say, however, that in normal times prior to the depression and the drought conditions which have affected the prairie provinces, in Saskatchewan alone we could have supplied one-half of the quota, as it stands to-day, Mexico having its share.

From what we have been able to learn, after watching operations in the first month of the first quarter, Canada will supply only three-quarters of one per cent of the total slaughter in the United States in one year. That certainly is not a very great amount.

Let me now say a word with respect to the important question of wheat. I shall try to deal with three or four matters in particular which affect the people in the west, and shall leave other matters in connection with industry to hon. members from eastern Canada. Under the 1932 agreements we enjoyed a preference of six cents in the British market. That was a preference in a sheltered market of 40,000,000 people. It is claimed by some hon. members supporting the government that this preference was never of any great value to us. On that point, however, I prefer to take the views of United States authorities who, after consultation with their growers, saw fit, the day following the signing of the agreement, to issue this press release:

> Wheat: The granting of duty-free treatment for wheat by the United Kingdom should prove of marked value to American wheat growers and the American wheat export trade. The import duty on non-empire wheat has been at the rate of 2 shillings per 480 pounds since November 17, 1932. A duty of this size (about six cents per bushel) applicable to wheat from some countries and not others often is sufficient to divert the trade. . . .
>
> The United Kingdom is the leading wheat import market of the world. Formerly about a fourth of the total American wheat exports were regularly shipped to the United Kingdom. Under the influence of the world economic depression and the establishment of an import duty in 1932 (with empire wheat remaining duty-free), imports of American wheat into the United Kingdom dropped from 39,267,000 bushels in 1930 (20·1 per cent of total wheat imports) to only 9,000 bushels in 1933 (less than 0·05 per cent of the total), while imports from empire sources for the corresponding years rose from 79,234,000 bushels (40·5 per cent of total wheat imports) to 140,459,000 bushels (67·0 per cent of the total).
>
> Owing to the droughts of 1934 and 1936, the United States was not in a position to supply its normal share of the United Kingdom wheat market requirements, even had there been no tariff on American wheat. In 1937, however, with a normal wheat crop, the United States supplied 6,485,000 bushels of wheat to the United Kingdom, representing 3·6 per cent of total wheat imports of the United Kingdom for that year. In view of the large wheat surplus this year in the United States and the probability that the United States will continue to be on a wheat export basis in the future, the removal of the competitive disadvantage which confronted our wheat in the United Kingdom should facilitate recovery of a larger share of that market.

Then, in connection with oatmeal, rolled and flaked oats, they say this:

> The reduction to 5s. (a reduction of one-third) from the present duty of 7s. 6d. per hundredweight on these products should help to restore a substantial part of the former American share in the United Kingdom market for oatmeal.

Mr. CRERAR: What is my hon. friend reading from?

Mr. PERLEY: It is a press release by the Department of Commerce, Washington, dated November 18, following the signing of the agreement on November 17. I would prefer to take that rather than the statements which have been quoted here. According to that statement, the United Kingdom was receiving only 9,000 bushels from the United States, but immediately following the signing of these treaties, the United States got busy and sold 20,000,000 bushels in January alone. That was the first sale they made. I have under my hand a report stating that they sold 5,000,000 bushels later on. The language used here is interesting. They say, "Here is another substantial portion of the self-imposed wheat export quota of 100,000,000 bushels." I have not heard any member of the government explain why that term is used, but we may get an explanation later on. However, they did sell an additional 5,000,000 bushels and price was no consideration. They sold at a very low price, and I am informed that the British authorities were a little upset about the matter. This sale had the effect of really breaking the market. Not only did they have the six cent advantage, but they went a little lower and broke the price by two cents.

Mr. EULER: Does the hon. member not know that just before, the British government bought some 25,000,0000 bushels of wheat from Roumania?

Mr. PERLEY: I suppose that country knew the treaty was likely to come into force, and they tried to make a sale. Roumania, Argentina and Russia will all be offering wheat. In effect, they will be dumping on the market. The British authorities are subsidizing their domestic producers, and every time the price is forced down a cent because of supplies thrown on the market, it means another cent to be taken out of the treasury for the domestic producer.

Mr. EULER: They bought wheat so that they could sell some goods of their own, a quite natural procedure.

Mr. PERLEY: We will see how much goods we sell. I would ask for an explanation of that "self-imposed" statement. It would seem the United States have subsidized 100,000,000 bushels. I should like to know why we did not get some concession in the United States market when we gave them that concession. We might have been able to export a little grain to the United States, but their duty remains at 42 cents a bushel, compared with our duty of 12 cents a bushel. There is a reduction on feed grain, when not used for food purposes. I have an inquiry which will appear on the order paper to-morrow with respect to certain imports into Canada from the United States, in connection with which the Minister of Trade and Commerce (Mr. Euler) will probably be getting some information.

I should like to give a picture of Canada's position in the empire market over a period of years. I have here a statement which with the permission of the house, I should like to place on *Hansard*. It contains a compilation of figures covering the period 1924 to 1937, showing the imports into the United Kingdom market. The statement is as follows:

The following table shows for the calendar years 1924-37 the percentage of total United Kingdom wheat imports supplied by Canada, Australia, the United States and Argentina, together with the percentage of total imports supplied by all empire countries and all foreign countries. The percentages have been calculated from the imports shown by the United Kingdom trade returns, and it might be pointed out that in the earlier years the imports from the United States included some Canadian wheat shipped via United States ports, while imports from Canada included some United States wheat shipped via St. Lawrence ports.

Calendar years	Canada Per cent	Australia Per cent	United States Per cent	Argentina Per cent	Total British countries Per cent	Total foreign countries Per cent
1924	33·0	9·3	25·8	20·5	51·0	49·0
1925	30·6	16·8	27·4	12·3	55·1	44·9
1926	37·1	9·5	32·4	12·4	49·4	50·6
1927	29·1	13·4	32·3	17·6	47·1	52·9
1928	39·6	9·9	22·8	23·6	51·0	49·0
1929	24·3	11·5	19·9	40·6	36·0	64·0
1930	25·0	12·1	20·1	14·5	40·5	59·5
1931	22·7	19·5	9·4	17·4	42·6	57·4
1932	44·4	22·8	4·4	19·5	67·2	32·8
1933	40·6	26·1	0·0	22·0	67·0	33·0
1934	34·8	21·1	0·0	34·2	56·1	43·9
1935	36·4	17·5	0·6	22·5	54·1	45·9
1936	57·4	23·1	0·0	0·9	83·7	16·3
1937	35·4	23·1	3·6	16·0	65·4	34·6

This statement shows that in the last fourteen year period we have averaged 35½ per cent, and in one year, 1936, we went as high as 57·4 per cent. This shows that the United Kingdom have been consistently taking our wheat.

Mr. CRERAR: Those figures are for wheat?

Mr. PERLEY: For wheat. In the last seven years the United States percentage has averaged only 2½ per cent, with nothing at all for three of those years. We have occupied a consistent position in that market. I have another table here showing the exports from Canada to all countries for the same period. I should like to place this on the record for the information of hon. members

Mr. DEPUTY SPEAKER: With the unanimous consent of the house.

Mr. PERLEY: This covers the same fourteen year period and it is a very interesting statement.

Mr. EULER: What is it about?

Mr. PERLEY: It is from the bureau of statistics.

Mr. EULER: With regard to wheat only?

Mr. PERLEY: With regard to wheat only. The statement is as follows:

Exports from Canada by Years—Crop Years
August 1 to July 31

Year	Wheat bushels	Wheat and flour bushels
1923-24	292,425,153	346,521,560
1924-25	146,958,158	192,721,769
1925-26	275,557,078	324,592,021
1926-27	251,265,788	292,880,996
1927-28	288,567,390	332,963,283
1928-29	354,424,699	407,564,186
1929-30	155,766,106	186,267,210
1930-31	228,536,403	258,693,883
1931-32	182,803,382	207,029,552
1932-33	240,136,568	264,304,327
1933-34	170,234,013	194,779,871
1934-35	144,374,910	165,751,304
1935-36	232,019,649	254,424,775
1936-37	174,858,160	195,223,653
1937-38	76,713,595	92,957,049

Imports of Wheat, Oats, Barley, Flaxseed, Rye, and Corn into the United Kingdom for the calendar years 1925 to 1937

	Wheat	Oats	Barley	Flaxseed	Rye	Corn
1925	180,794,465	27,557,650	36,818,566	13,619,123	1,080,390	55,170,827
1926	179,677,923	25,166,405	26,997,851	14,433,807	618,885	63,567,490
1927	206,146,855	19,458,504	38,310,397	14,118,127	646,750	83,855,873
1928	193,344,612	24,531,507	30,276,234	13,934,288	344,781	66,031,734
1929	208,632,476	22,827,916	27,949,459	11,376,591	259,997	69,817,169
1930	195,579,507	31,820,396	35,485,274	8,932,016	192,465	68,329,291
1931	222,913,890	28,834,118	35,988,003	13,526,229	215,346	106,522,500
1932	197,188,613	21,318,884	23,749,335	14,492,726	85,036	105,491,833
1933	209,766,214	18,511,857	37,298,403	9,837,007	187,394	102,609,665
1934	191,567,240	10,575,147	36,112,016	7,361,122	179,127	122,699,804
1935	188,956,152	11,705,998	39,894,860	10,276,360	242,510	118,911,373
1936	188,177,541	7,119,047	42,687,440	10,907,437	240,542	146,585,854
1937	180,849,243	3,974,839	42,448,601	11,441,273	315,342	143,520,623
1938	189,745,765	5,180,979	46,345,306	Not available		115,256,360

Exports of Wheat from Canada to the United States and the United Kingdom, during the crop years 1924-25 to 1937-38

Crop year ending July 31	Exports of wheat to United Kingdom Bushels	United States Bushels
1924-25	115,774,595	3,171,426
1925-26	198,402,001	10,464,041
1926-27	185,345,710	7,624,566
1927-28	201,732,699	8,432,330
1928-29	209,571,743	10,060,239
1929-30	105,007,552	7,306,166
1930-31	135,117,943	8,087,578
1931-32	101,564,154	4,473,293
1932-33	156,461,736	304,976
1933-34	114,858,191	218,814
1934-35	100,688,352	15,076,098
1935-36	162,920,206	29,078,723
1936-37	124,368,897	14,868,352
1937-38	55,443,863	1,802,502

Exports of Wheat from the United States to all Countries and to the United Kingdom
Calendar Years 1925 to 1938

Calendar year	Total exports bushels	Exports to United Kingdom bushels
1925	86,526	17,010
1926	138,275	37,897
1927	168,307	42,580
1928	96,290	14,222
1929	90,130	21,772
1930	87,774	23,113
1931	80,311	13,996
1932	54,879	5,460
1933	7,983	67
1934	16,970	1,289
1935	233	....
1936	1,879	197
1937	32,378	(a)
1938	(a)	(a)

Note: (a) Statistics not yet available.

These figures show that our position has been fairly consistent. I have another statement showing shipments to the United Kingdom alone, as follows:

Export Shipments of Canadian Grain from Canadian and United States Ports during the Crop Years 1927-28 to 1937-38

	Canadian ports	United States ports
1927-28	204,517,294	95,866,117
1928-29	254,400,822	112,860,402
1929-30	97,476,917	58,172,252
1930-31	150,470,272	76,880,224
1931-32	174,849,547	34,986,200
1932-33	211,261,115	29,239,125
1933-34	134,549,349	*26,938,000
1934-35	110,983,781	*22,027,000
1935-36	163,407,572	28,770,827
1936-37	130,247,664	23,873,606
1937-38	82,459,269	14,368,787

*Wheat only. The United States government discontinued compiling the detailed record of the exports of Canadian grain via United States ports. Only wheat is shown and the figures are approximations.

These figures show that we have shared in their market consistently, especially when considered on a percentage basis. I should like to take the time to quote figures showing imports into the United Kingdom from all countries during the last twenty years, but briefly they show that the United Kingdom imports have been consistent, the decrease in the last few years being less than five per cent. These figures show that the United Kingdom has been a stable market for our wheat. We all recognize that wheat is practically Canada's life-blood, and the finding of a market for this commodity is an all-important problem.

In order to show the seriousness of the present situation, I should like to recite what I consider to be a most amazing situation with respect to wheat. We are in a period at the present time as regards marketing and prices which is comparable with only one other period since world markets for wheat came into being. The period I refer to is the three years from 1930 to 1933. I am not going to take time to quote all the figures in this connection, which I have from the statistics issued by the Food Research Institute of the United States, but I will abbreviate them a little. The situation in 1933 was that the world's carry-over of wheat was the greatest ever known prior to that date. Excluding Russia and China, it had reached 1,132,000,000 bushels. In the crop year 1932-33 prices of wheat for export dropped to the lowest point, absolutely and relatively, ever recorded in the world's wheat markets since those markets existed. I would like hon. members to realize that situation. We had the highest carry-over and we had the lowest prices. On the other hand, during the same period, 1932-33, to consumers in the importing countries prices were very high. To-day we have a similar amazing situation. Reports from the institute I mentioned show the markets for 1938 and 1939 are exactly as I have recited in respect of the period, 1930 to 1933. In eight European countries, namely Belgium, Denmark, France, Germany, Italy, the Netherlands, Switzerland and Sweden, the consumption of wheat in the last three years is averaged at 959,000,000 bushels a year. In other words, they have slightly increased their consumption during this period. Their domestic price, which is a subsidized one, is very high. I might figure it out in this way. In these eight countries that I have mentioned, taking the period 1909 to 1914 as giving the base index of 100, we find, in comparing prices in these countries, that the indices for recent years are as follows:

Period	Index number
1930 to 1931	105
1931 to 1932	120
1932 to 1933	113
1937 to 1938	115

These, of course, take into account subsidized prices ranging from $1.47 to nearly $2, in some instances, in these countries. On the other side of the picture consider Canada and the United States. Taking 1909 to 1914 as furnishing the base index figure of 100, we have at the present time a price averaging only 58 to 60 by comparison with the previous period. This shows that the importing countries are consuming more than the average and that the price is above the average, while exporting countries are producing more and are exporting less, at a lower price. I think we shall all agree that these figures show a critical and amazing situation. Now that I have quoted those figures, who on the government side will dare to argue that the six cent preference in the British market was not of great value in this amazing world situation? No wonder, I say, that the grain merchants of the world state that the policy pursued by this government, through the wheat board of whose operations they were in control, has created a buyer's paradise. I may be able to refer in more detail to this position upon a future occasion. Grain merchants have also made this statement, that the present government is not trying to resist price decline; they are not doing what the Bennett government did from 1930 to 1935 under McFarland's operations, when they persistently resisted price decline, and not only that, were successful in stabilizing prices. True enough, the Bennett government made great accumu-

lations of wheat prior to 1935, but they did this country a service when they stabilized the price; and after they accumulated a surplus the present government sold it, according to a statement tabled yesterday by the minister, at a profit of $24,000,000.

Mr. EULER: And my hon. friends plainly violated the Wheat Board Act by not offering wheat for sale.

Mr. PERLEY: They offered wheat consistently according to the judgment of the board. The first board was only in operation a month or so; when the government changed and the Murray board was put in, it was a fire sale that they undertook for this government. They could not sell it fast enough to take a loss, and they had to take a profit.

Mr. EULER: Pure luck!

Mr. PERLEY: Well, it is a good job we had the luck. The Minister of Agriculture, speaking the other night, I think on the address, stated that the foregoing of the preference that we enjoyed had nothing to do with the diversion of wheat from Canadian ports to United States ports. I would prefer to take the opinion of the United States state department as given in a press release. I shall quote briefly what they said with respect to shipments through Canadian and United States ports.

> The concession of free entry for American wheat should benefit also the American transportation and port business. In order to obtain the benefits of the United Kingdom preference, Canadian wheat, which formerly moved in large quantities through American ports has under the preference been shipped principally to the United Kingdom direct from Canadian ports. In view of this concession, American port and transportation interests will be in a position to reenter the transshipment business.

Again I prefer to take that statement as to how it affects the shipments.

I should like to recall another interesting matter. Taking a million bushels of wheat from Fort William or Port Arthur, shipping it in Canadian bottoms down the lakes through Canadian elevators, unloading and reloading, shipping it down the St. Lawrence to Canadian terminals, then on through Canadian channels to Saint John and Halifax and out to Europe—all these operations involve a cost of ten cents a bushel. It is estimated that this operation means, for Canadian shipping interests, elevator interests, payments of harbour and port fees, and labour, one hundred thousand dollars, and more than half of that is represented by labour. Consider what that means to Canadian industry, labour and shipping; consider what it means in loss to them when we forego that advantage. I have heard over the radio, as I suppose all hon. members have, "The Shadow Knows." I say, the farmer knows and you cannot tell the farmer of western Canada that when his grain is directed through Canadian ports it does not mean something to him in the end, when 50 per cent of the cost is labour; for that means that Canadian labour will be fed with our bacon, pork and butter and cheese.

Mr. EULER: I am sorry to interrupt my hon. friend, but may I ask him whether he knows that as much as fifty million bushels of grain of various kinds have come through Canadian ports, consigned to the United States?

Mr. PERLEY: From Canadian ports to United States ports?

Mr. EULER: Through Canadian ports to United States destinations.

Mr. PERLEY: Yes, that is fine. My answer to that is this, that there are international interests in this grain business, the Big Three, which the minister should know something about. They are considered by the grain interests and the producers of western Canada to be the greatest chiselers in the market; until you eliminate them, ruination is written on the map. These men direct Canadian grain through United States ports, where they can chisel on rates, harbour fees and everything; that is what they are doing. The Minister of Transport (Mr. Howe) could tell us a story about it if he were in the house to-night. You cannot tell the western farmer that we are not gaining anything while our grain is going through Canadian ports.

Western farmers are interested in the dairy business to quite a considerable extent. As I must hurry, I cannot take as much time as I should like to do on this phase of the agreement. The constituency of Qu'Appelle could supply about four times the amount of milk that is provided for in this quota, and it would be only one-fifth of a pint of milk and one-tenth of a pint of cream to each American once a year; that is not very much.

I am leaving to members from other parts of Canada the discussion of the effects of this treaty upon industry. They can set out their case. But from what I have learned with respect to vegetables, fruits and other commodities of that kind, I think there is very little in this agreement for us. We appreciate the fact that the main market is the domestic one. When we consider that 95 per cent of all our primary products, apart from wheat, are consumed in Canada, surely we must realize the importance of maintaining our

position in the domestic market. The farmers of the west realize that. They know that if they can supply foodstuffs to workmen in the constituency of Waterloo, engaged in the manufacture of machinery for western Canada, that is better than importing products from Japan or from the south, because those workmen are eating Canadian butter, cheese, pork and so on.

The position we take in western Canada is this. We want to be fair. We do not want any advantages at the expense of any one Canadian. But I should like this government to show us—I have not been able to get it from any of the arguments that have been put forward—whereby this treaty will mean a single job more to any Canadian. The people of Canada are demanding something worth while, but the government have not shown that one young Canadian will get a job through this treaty.

Mr. DEPUTY SPEAKER: I regret to interrupt the hon. gentleman, but his time has expired.

Mr. PERLEY: I have been interrupted once or twice and I should like to finish.

Mr. DEPUTY SPEAKER: With the unanimous consent of the house.

Mr. PERLEY: There is nothing in this treaty that will encourage any young farmer in the west to remain on the land, get married and establish a home. To my mind these treaties are dangerous. They make for competition in the marketing of some of our primary products, and while there may be a few advantages, the disadvantages materially outweigh them.

In conclusion, I should like to quote an opinion expressed by the President of the United States, who is a pretty good authority. Speaking to the American Farm Bureau at Chicago, he said:

> Agriculture, far from being crucified by this agreement, as some have told you, actually gains from it. We export more agriculture products to Canada than we have imported from her. We shall continue to do so, for the very simple reason that the United States with its larger area of agricultural land, its more varied climate and its vastly greater population produces far more of most agricultural products, including animal products, vegetables and fruits, than does Canada. In the case of the few reductions that have been made, quota limitations are set on the amount that may be brought in at the lower rates.
>
> On the other side of the picture we believe, and most unbiased men believe, that the general increase in our trade with Canada, including the exports of our factories, will so add to the purchasing power of hundreds of thousands of wage earners that they will be able to spend far more than they do to-day for the products of our own farms, our own forests and our own fisheries. Greater trade is merely another word for more production and more employment. The proof of this particular pudding is in the eating; the best way to judge the new accord is to observe how it works out.

Mr. VITAL MALLETTE (Jacques Cartier) (Translation): Mr. Speaker, the house is discussing to-night the resolution introduced by the right hon. the Prime Minister (Mr. Mackenzie King) which appears on page 8 of to-day's order paper, under No. 15, and reads as follows:

> That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

As this resolution deals with the principle of the treaty rather than with the treaty itself, I shall restrict myself to a discussion of its general principles, leaving the pleasant and interesting task of reviewing its details to the time when the treaty itself will be submitted to the house after the passing of the present resolution.

I shall be telling nothing new to my hon. colleagues when I proclaim that the Liberal doctrine, the policy of the Liberal party of Canada, has always been to seek the improvement of Canada's trade with the whole world.

Being a producing nation—more accurately, an over-producing one—we must naturally find markets for our surplus production of all kinds. The country therefore finds itself in the same position as an ordinary manufacturer who produces more goods than his regular customers can absorb. Such a manufacturer would naturally seek new markets. He would increase his advertising and extend his field of action. Therein lies the very reason for our commercial agreement with the United States.

There used to be advocates of absolute free trade, but ever since the free movement of goods from one country to another has been impeded by customs duties, quotas and restrictions of all kinds, the theory of absolute free trade has undergone substantial modification.

All Liberal administrations have been in favour of better commercial relations with the United States. They have attempted negotiations on many occasions. Those of 1910 and 1911 were on the point of working out satisfactorily for the people of Canada who believed in that sort of policy, but at the general elections of 1911, conducted by the Liberal party on the issue of reciprocity with the United States, the Nationalist opponents of the Laurier government directed a violent campaign against that government on the question of a Canadian navy. The

Tories of the time were clever enough to take advantage of the diversion caused by the Nationalist element in the province of Quebec.

The battle-cry of the Tories throughout that election campaign was "No truck or trade with the Yankees," This slogan, which they have kept to the present day, is worth about as much as their other one—"King and chaos."

The Laurier government was not exactly overthrown on account of the opposition of the Canadian people to greater trade relations with the United States; but on account of a conjunction of circumstances which brought about the union of two different groups opposed to the Laurier government for two different reasons, a union which nevertheless resulted in the defeat of the government.

I have often heard expressions of regret about that incident which had an unfortunate effect on the commercial development of Canada. But the Tories had taken such a firm stand during the electoral campaign that they were forced, when they took power, to stick to their word and the dream of better trade relations with the United States vanished for a long time.

It goes without saying that the Canadian people wanted better relations. I could hardly find a better proof of it than the fact that the Bennett government, the most markedly Tory government which we have had for a long time, entered into negotiations with the United States to that end.

A few days before the election of 1935, I think, Right Hon. Mr. Bennett admitted that, if he were returned to power, his government would sign a trade agreement with the United States. That is proof enough of the desire of the Canadian people to broaden and tighten their trade relations with the United States.

The Bennett government had apparently done much work to that end, since the present government was able to sign the agreement with the United States just a few weeks after taking over the administration of the country.

Of course, such a view is not unanimously held by our friends of the Tory party, because quite a number of them would like to build a kind of Chinese tariff wall around Canada, a kind of magic wall which would let Canadian goods out, but would not let in goods from any other country.

That is an absolutely illogical view, because after all trade cannot be but an exchange of goods, and, although use is made of money for statistical purposes, the whole process ends in the sending of goods from one country to others and vice versa.

[Mr. Mallette.]

One of the speakers for the Tories asserted the other day his desire to maintain the standard of living of our workers. In order to achieve that purpose, he wanted to protect them from foreign competition. Well, the fiercest opponents of the present resolution would admit that the standard of living of our neighbours to the south is comparable to that of any other nation in the world. Therefore, such an argument has not much worth. Our political opponents are always speaking about protecting our producers. We share that sentiment. We wish to protect our producers in every branch and we also wish to protect the consumers in every branch, because if there is a forgotten man in the political program of the Tories it is the consumer. The Liberal doctrine, representing the happy medium, takes into account the consumer as well as the producer, for if the consumer has no money to pay for his purchases there will be nothing for the producer.

Only yesterday, one of the opposition speakers complained of the lowering of a 40 per cent duty.

Can it be, Mr. Speaker, that there are Canadian industries which cannot meet United States competition without a tariff protection of 40 per cent? Are those the industries which the Tory party wishes to protect? The people will have their say in the matter the next time they go to the polls.

It will perhaps be useful to hear what a few experts think of the new trade agreement. Speaking on the address in reply to the speech from the throne I quoted the opinions, all favourable to the treaty, of the presidents of the Bank of Montreal, of La. Banque Canadienne Nationale and of La Banque Provinciale. Let us see now what the president of the Bank of Nova Scotia thinks of it. I quote from the Ottawa *Journal* of January 27, 1939:

(Text)

The importance of the new trade agreements

Canada's ability to take advantage of what further recovery may occur to the south of the border will no doubt be increased by the second Canada-United States trade agreement, which was recently concluded in Washington, together with the associated agreement between the United States and Great Britain. The Canada-United States treaty increases the concessions made by both countries under the agreement of three years ago, and is broadened to include tariff reductions on a large number of items which were not covered in the earlier arrangement. Canada secured a variety of new concessions, the most important of which were on products of the farm and of the fisheries.

There can be no doubt that the three-cornered trade agreement between the United States, Great Britain and Canada was the greatest achievement in reducing trade barriers since the onset of the depression. Unlike many

previous treaties, the method of giving preferential treatment through raising tariffs against other countries was not utilized. Every change in the tariff schedules of the three nations, and there were a great many of them, represented a reduction. And through the provision of most favoured nation treatment all these reductions were automatically extended to other countries. While admittedly the new arrangements have resulted in some weakening in the preferential system of the Ottawa agreements, they should do much to encourage trade between the empire and other members of the sterling "bloc" on the one hand and the United States on the other.

That is what the president of the Bank of Nova Scotia said. Then I turned to the annual report of the Dominion Bank and read with great care what the president had to say, and also the general manager. And, believe it or not, there was not a single reference to the treaty. They must be satisfied with it, or at least have no fear of it; they did not even refer to it.

Then the Banque Canadienne—Nationale—and this is something which came in just this morning—say in their monthly letter for February, 1939:

Le nouveau traité de commerce avec la République voisine, qui abaisse les droits ou élargit les contingentements relatifs à un grand nombre de nos produits dont la vente est en régression, aura sur notre commerce d'exportation une influence stimulante dont les effets se révèlent déjà.

I am inclined to think that some hon. members may not read my speech in the translation to-morrow, so I shall translate this myself right away. They say that the new commercial treaty with the neighbouring republic which lowers the customs duties and increases quotas on a large number of our products of which the sale at the moment is diminishing, will have upon our export trade a stimulating influence of which the effects are already revealing themselves.

I have quoted banks. Let us now hear what labour, the other member of the family, has to say about this treaty. This is from the memorandum presented to this government by the All-Canadian Congress of Labour on January 6, 1939, published in the January issue of the *Canadian Unionist*:

Canada's tariff policy.

The congress joins with the government and the people of Canada in the hope that the trade treaties negotiated with the United States and Great Britain will be mutually advantageous. It is recognized that any arrangements for the extension of trade between the nations involve adjustments within the nations themselves, but so long as the general welfare of the people is the primary consideration, it is felt that the producers and industries concerned should endeavour to cooperate in the effort to increase the exchange of goods and services. In its relationships with other nations, however, the congress believes that trade considerations should not be permitted to influence the government where the fundamental issue of the maintenance of democracy may be involved.

So there you have both capital and labour in favour of this treaty. If I were to seek other backing for my argument I would quote the hon. member for London, the leader of the opposition (Mr. Manion). Many hon. members have quoted his book, Life is an Adventure. I do not own a copy of the book, because the price is out of reach of the proletariat, of which I am a member. But I thought I could borrow it from the parliamentary library, and on February 9 of this year I put in my request for a copy of the book. I was told that, although the library owns eight copies, none was available for me at the moment. I should not underline the words "for me," because there were others waiting for the book. It should please the hon. gentleman and his editor to know that at the present moment, although the parliamentary library owns eight copies of the book, there is a waiting list of hon. members wanting to get it.

Mr. HEAPS: And that is only the parliamentary library!

Mr. MALLETTE: Yes. The three members ahead of me should have their names on *Hansard,* because my request dates back to February 9. They are the hon. member for Pontiac (Mr. McDonald), the hon. member for Lotbinière (Mr. Francoeur), and the hon. member for Simcoe East (Mr. McLean). I could not get the book to quote from it, but thank the Lord that in the speech of the hon. gentleman on February 17, as reported in *Hansard* of that date at page 1047, appear a couple of paragraphs which are extremely encouraging to those of us who think we should have closer relations with the United States. I quote from the speech of the hon leader of the opposition:

There are two chief reasons why Canada must trade with other countries. In the first place we have a huge area, a small population and rich resources, out of which we produce large quantities of raw materials which must be exported. We do not consume all of them ourselves. That, in the first place, compels us to trade with other countries. Secondly, we are a debtor nation.

And further:

In addition to all that, there is a third reason why we must trade. There are certain kinds of products which we cannot produce—tea, coffee, rubber, cotton and even, apparently, wool, though we should, to my mind, be able to produce sufficient wool; I have said that in the house many times. We do not produce oranges—

There are plenty in Ontario:

—and other citrus fruits, and so on. So we are compelled to trade.

So the hon. gentleman advances three good reasons in support of our contention, and I think I am in very good company in quoting him in this instance because I have a high regard for his political sagacity.

We hear so much about our trade with the United States; what is its importance anyway? I have gone to the Canada Year Book, English edition, 1938, and I have extracted a string of figures which I will inflict on the house, if they insist, but I would gladly put them on *Hansard*, Mr. Speaker, if I am permitted to do so.

Mr. SPEAKER: The hon. gentleman cannot put them on *Hansard* unless he reads them, except with the unanimous consent of the house. Do I understand that the hon. member has unanimous consent?

Some hon. MEMBERS: Carried.

Mr. MALLETTE: Thank you, Mr. Speaker, because it would have taken me ten minutes to read them. They are as follows:

Canada's Trade with the United States and Other Foreign Countries

Fiscal year	Imports	Percentage of total trade	Exports (Canadian)	Percentage of total trade
1886	$ 42,818,651	44·6	$ 34,284,490	44·1
1896	53,529,390	50·8	37,789,481	34·4
1906	169,256,452	59·6	83,546,306	35·5
1914	396,302,138	64·0	163,372,825	37·9
1921	856,176,820	69·0	542,322,967	45·6
1922	515,958,196	69·0	292,588,643	39·5
1926	608,618,542	65·6	480,199,723	36·4
1929	868,012,229	68·6	504,161,604	36·8
1930	847,442,037	67·9	515,049,763	46·0
1931	584,407,018	64·5	349,660,563	43·7
1932	351,686,775	60·8	257,770,160	42·9
1933	232,548,055	57·2	197,424,723	37·4
1934	238,187,681	54·9	220,072,810	33·0
1935	303,639,972	58·1	304,721,354	40·3
1936	319,479,594	56·8	360,302,426	42·4
1937	393,720,662	58·6	435,014,544	41·0

Aggregate External Merchandise Trade of Canada

Fiscal year	Aggregate external trade
1886	$ 181,186,920
1896	221,675,704
1906	530,398,082
1914	1,074,631,222
1921	2,450,587,001
1922	1,501,731,341
1926	2,261,241,225
1929	2,659,124,625
1930	2,393,211,652
1931	1,723,640,743
1932	1,189,756,931
1933	941,361,864
1934	1,106,064,020
1935	1,286,716,041
1936	1,425,191,139
1937	1,746,119,786

There is only one more item, another argument in support of our contention which appeared in *La Presse* of November 19, 1938, two days after November 17, when the treaty was signed. It says:

"We may now expect our small fruits to be exported to the United States," says J. H. Lavoie, director of the provincial service of horticulture in the province of Quebec.

That is very nice coming from the government of Quebec, and there would have been many more in favour of the treaty had the government of that province entertained towards this government a more Christian attitude. But that was the only encouragement we got from that source.

A great deal of fun has been poked at the Prime Minister's use of the word "appeasement" in connection with this trade treaty; but hon. gentlemen who are not too busy might look up the *Gazette*, published in Montreal, a very good newspaper which has this headline on its front page in this morning's issue, "Chamberlain hopes to weld peace by trade." I admit that the old gentleman with the umbrella, may not always score one hundred per cent, but he makes a terribly good showing. Speaking at Blackburn, England, he is reported to have made this statement, which I will put on *Hansard* for the benefit of my Tory friends and other unbelievers:

It may well be that this approach by way of trade in which we have a common interest may turn out to be the best and quickest way of bringing about a better understanding between our two countries.

A great many statistics have been put on *Hansard* in this debate. I have been guilty of putting a few on myself. There is much to be said for statistics, but perhaps I may be permitted to tell a little anecdote which undoubtedly members of the house will appreciate.

A few years ago, in a moment of patriotic fervour, I joined the Montreal Canadian club. I have paid my fee every year since, and I am still a member in good standing.

With me it became almost a part of my religion to attend the Canadian club luncheon at the Windsor hotel, on Peel street, Montreal, nearly every Monday, the day of their weekly luncheon, and I remember that on one occasion the guest was Mr. Philip Kerr, who I think now adorns the House of Lords in England as Lord Lothian. At the beginning of his speech—I do not want to shock the ears of any member—he said that in his opinion there were three kinds of lies, and he enumerated them as follows: Lies, damned lies, and statistics. I want to say, Mr. Speaker, that those are my views too.

The King government has therefore, in negotiating a broader trade agreement with the United States, once more upheld the true interests of Canada, thereby achieving a diplomatic and commercial success for which the country will be grateful.

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, the Minister of Trade and Commerce (Mr. Euler) in the course of his remarks disposed, almost in an aside, of the importance of the concessions that are being granted by this trade treaty to thirty-eight other nations. The Minister of National Revenue (Mr. Ilsley) said that the six per cent preference on wheat which Canada enjoyed in the British market is a matter of minor importance, and he also said that the lowering of the import duty on apples entering Great Britain was going to prevent the over-production of apples in Great Britain. I should like to know what we care, to any great extent at all events, about the over-production of apples there. The same argument holds good, I might say, with respect to industry in this country. The sweeping reduction under the treaties will certainly not produce over-production in a great many industries in Canada. In fact, in some places they will be closed up. It will certainly increase unemployment, and will simply mean the crucifixion of some industries.

The speeches of ministers and a great many hon. members opposite concluded with an impassioned appeal to the workers f Canada for what seems to me to be the supreme sacrifice; and all these appeals were made on the grounds of economic appeasement. In fact, so far as I can learn, no one on the government side of the house has said very much yet about employment or unemployment. This world appeasement plea has received its full share of praise. Each speaker in turn has taken a crack at the little, tiny, penny cake of soap, to put some more froth in the old hogshead.

One of the most important points is the effect of the treaty on the industrial worker. Will it give one more man in the country a job? The Prime Minister (Mr. Mackenzie King) has told us that we have been requested by Great Britain to make these concessions. I do not see how the people of Canada can properly judge the merits or demerits of the treaty until they know what concessions we were asked to make. In justice to hon. members and to the country the correspondence with respect to that phase of the matter should be made public. In his statements the Prime Minister has said that we have gone no farther in making these sweeping reductions in our tariffs and in making the sacrifice of our preference in the British market than has been absolutely necessary to bring about the consummation of the treaties—at least, that is the impression he has left on the Canadian people.

Mr. MACKENZIE KING: May I draw my hon. friend's attention to the dispatch from the Secretary of State for the Dominions, in London, which was sent to me at Washington, in which the Secretary of State says on behalf of the British government that the agreement could not have been made except for the sacrifices that the dominions—or at least the concessions which the dominions were prepared to make in this matter.

Mr. ROSS (St. Paul's): I did not know that had been put on record. But the fact remains the impression has gone abroad, as I said before, that all the sacrifices and all the sweeping reductions had to be made in order that these treaties might be consummated.

I do not think the Prime Minister had any need to go farther than accede to the request of the British government with respect to what it was necessary to grant in the making of these treaties, and I feel strongly on that point. I feel, too, that ample compensation should have been given to us for any sacrifices we had to make in the British market. In this connection may I quote from the London *Weekly Times* of November 25, 1937:

> A difficulty throughout has been that the concessions desired by the United States in the British market involve some sacrifice of the advantages hitherto enjoyed by the dominions, which, as Mr. Lyons explained on Monday in an important statement to the press, cannot be expected to acquiesce unless they can be assured of adequate compensation in other directions.

That was the principle of compensation as demonstrated by Mr. Lyons. Then the article continues:

> In his statement Mr. Lyons was careful to make it plain that an Anglo-American trade agreement did not involve the surrender of the principle of imperial preference. Great Britain is not being asked to abandon her system of reciprocal preferential trade within the British commonwealth, which has had such welcome

effects in promoting recovery in all the British countries, any more than America is being asked to abandon her system of high protection, to which, in the opinion of most Americans, she owes her unparalleled industrial development. All that is being sought is some modification in the application of these principles which, without jeopardizing any important British or American interest, will facilitate an increase in the trade between the two countries to their mutual advantage.

It is there recognized that the reciprocal preference on trade within the British commonwealth of nations has had a welcome effect in promoting recovery in all British countries, and it is pointed out that the treaty sought between Great Britain and the United States was to promote trade between those two countries. Only some modifications, without jeopardizing any interests, were needed.

The example and the results of the empire trade agreements concluded by the Conservative government in 1932 were before them. Those treaties were debated in the house for five or six weeks, and were very much maligned by the Liberal opposition of that day, which voted against them. We certainly must now give credit to the Prime Minister and to the Conservative government which held office in 1932. Those were the treaties which had such welcome effects in promoting recovery in all British countries, and which resulted in the conclusion of the United Kingdom-United States treaty of today. The United States wanted to get in on it, and they did.

What did the empire treaties mean? I quote from the London *Times* of November 24, 1938:

> Foreign trade in the British markets not only had not suffered but had actually increased since the Ottawa conference.

And again:

> Simultaneously with the Anglo-American agreement an agreement was signed between Canada and the United States revising the agreement of 1935 to meet the new situation. Other dominions did not attempt to negotiate parallel agreements, but were consulted at every turn....

The other dominions did not make parallel agreements; they did not have to. Neither did we.

What sacrifices did we make? I will mention only a few, but no doubt more and more will be found as time goes on. By losing the preference in the British market we have shared our apple market, our wheat market, our pork market, our lard market, and the markets for several other commodities, meaning a loss of millions of dollars to our producers, our railways, our steamships and our ports. It means unemployment for our producers, our railway workers, our dock workers and our sailors. The advantage to our steamships by way of preference simply meant that before a ship coming from a United States port could unload a cargo of wheat in Great Britain it had to pay $12,000. That duty has been removed and they do not need to pay it any more. A duty of six cents a bushel means $12,000 on a 6,000 ton load. There will be less incentive for our produce to be handled by Canadian railroads, Canadian steamships, Canadian elevators and Canadian ports. If the sacrifice is to be made, what compensation is being given for the sacrifice?

Apparently this sacrifice was not sufficient. The government is taking off the three per cent excise tax on the items covered by the agreement. Our industrial workers are to be sacrificed to that extent. Why did we have to reduce the tariff further on these items? Why were our vegetable growers sacrificed? Why are we to lose from $14,000,000 to $18,000,000 in excise tax? We are told that this is a reduction in taxation, but there is only one way whereby you can reduce taxation—by reducing expenditures. That $18,000,000 will have to be made up in some way, Canada does not receive a single advantage for the advantages she has given. On the other hand, she shares with nineteen other nations which come under the most favoured nation clause the advantages that she has in the United States market. The London *Times Weekly* has this to say:

> The Canadian government are being subjected to much pressure from various industrial interests to denounce the present trade treaties with Germany and Japan, writes our Ottawa correspondent.
>
> Even before the trade agreement with the United States was signed the textile manufacturers in Canada were finding themselves at a serious disadvantage in coping with competition which was buttressed by export subsidies and unfair leverage of a state-controlled economic organization.

On motion of Mr. Ross (St. Paul's) the debate was adjourned.

PRIVILEGE—MR. TURGEON

DENIAL OF REPORT IN OTTAWA JOURNAL RESPECTING CAUCUS OF FEBRUARY 23

Mr. TURGEON: Mr. Speaker, I rise to a question of privilege. I have in my hand a copy of this evening's Ottawa *Journal,* which states:

> Liberals study $100,000,000 program of work. Bren gun and budget are considered at caucus.
>
> A $100,000,000 works program, the Bren gun inquiry by the public accounts committee, the budget, and the radio licence fee were under-

stood to have occupied the attention of Liberal members of the House of Commons and the Senate to-day at their party caucus.

The government's supporters evinced keen interest in the works program which will be presented to parliament next month.

I am speaking as deputy government whip. I was present during every second of to-day's caucus, and I want to say that the report in the *Journal* is exactly 100 per cent false. We did not talk about the works program in any shape or form whatever; we made no reference to the public accounts committee, and the Bren gun inquiry was not mentioned. The Bren gun debate which took place in the house was mentioned in so far as compliments were paid to some of the Liberal members who had taken part in the debate, but in no other manner. There was no mention whatever of the radio licence fee. I rise to state that the article is exactly 100 per cent false and is not an account in any way of what took place to-day.

Mr. HANSELL: I think we need a press act.

On motion of Mr. Mackenzie King the house adjourned at 10.58 p.m.

Friday, February 24, 1939

The house met at three o'clock.

RAILWAY COMMITTEE

(Translation) First report of the standing committee on railways, canals and telegraph lines.—Mr. Vien.

PRIVILEGE—MR. TURGEON

REPORTS IN TORONTO NEWSPAPERS RESPECTING LIBERAL CAUCUS OF FEBRUARY 23

Mr. J. G. TURGEON (Cariboo): Mr. Speaker, I rise to a question of privilege. Last night I had to deny a statement which appeared in the Ottawa *Journal* concerning proceedings in yesterday's Liberal caucus. I rise to-day to speak again as deputy chief government whip, having been present during every minute of yesterday's caucus. I quote from the Toronto *Daily Star* of February 23, yesterday's paper, as follows:

A Liberal caucus to-day endorsed the government's new three-point plan to cover wheat growing and marketing in the prairie provinces. It provides:

1. Guarantee of production cost of wheat to all cooperative marketing organizations and pools, whether producers, elevator or grain trade, at a statutory price to be fixed at about 63 cents per bushel.

2. An acreage bonussing plan to apply to al wheat growers, to provide from about $210 or $220 to each farmer of a half section. This amount will be graded off to not more thar about $300 maximum to those farming a section of land.

3. A flat payment not to exceed $2 an acre or $320 per quarter section in fixed crop loss areas where production averages less than five bushels per acre.

I quote from another report, in the Toronto *Globe and Mail* of Friday, February 24, as follows:

The Canadian government will continue to give a guaranteed wheat price to western farmers, but in the coming crop year it will be about 63 cents per bushel, a figure estimated to be the average cost of wheat production.

This is one of the three main features of a bill which was approved by a Liberal caucus this morning, and which will be introduced in the House of Commons late next week by Hon. James G. Gardiner, Minister of Agriculture.

These statements which I have quoted from the Toronto *Globe and Mail* of today's date and the Toronto *Star* of yesterday's date are utterly and absolutely false. They are not based on any fact whatever. They are completely, one hundred per cent wrong. The matters mentioned were not discussed in any manner or shape whatever.

Mr. PERLEY: I would suggest, in order to prevent any reports of that kind—

Some hon. MEMBERS: Order.

Mr. PERLEY: —that the minister bring down the bill as soon as possible.

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: What was the question?

Mr. CASSELMAN: It was not a question.

PARLIAMENTARY RESTAURANT

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

That a message be sent to the Senate to acquaint their Honours that this house has appointed the Honourable the Speaker and Messrs. Barber, Bertrand (Prescott), Fafard, Goulet, Gray, Hill, Landeryou, MacInnis, MacMillan, Macphail (Miss), Moore, O'Neill, Pinard, Purdy, Rhéaume, Roberge, Spence, Taylor (Norfolk), Tustin, a committee to assist His Honour the Speaker in the direction of the restaurant, so far as the interests of the Commons are concerned, and to act as members of a joint committee of both houses on the restaurant.

Motion agreed to.

CANADIAN WHEAT BOARD

OPERATIONS AND SELLING POLICY—TABLING OF WEEKLY REPORTS

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): I wish to address a question to the Minister of Trade

and Commerce (Mr. Euler). He will recall that last year he agreed to a suggestion made by the then leader of the opposition, the Right Hon. Mr. Bennett, to bring down weekly reports of the wheat board as required under the act and have them placed in the sessional papers office. I should like to know whether he will agree to that being done this year and have them brought down to date, bringing down any subsequent reports as well.

Hon. W. D. EULER (Minister of Trade and Commerce): My hon. friend the other day suggested that these reports be tabled, but I was unable to agree to that. This request has to do with filing them as requested last year by the then leader of the opposition. I will give consideration to the request, but I cannot say definitely at the moment whether I can agree to it or not.

GERMAN ALLEGIANCE

DIPLOMATIC ASPECTS OF APPEAL TO CANADIAN CITIZENS FOR RELIEF ASSISTANCE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): The hon. member for Vancouver North (Mr. MacNeil) inquired a few days ago as to a circular, issued in Vancouver and other points, in connection with contributions for German winter relief. The matter has been taken up with the German consular authorities. It is stated that a somewhat similar appeal for winter relief has been issued in Canada, as in other countries in previous years, and that on the present occasion the whole, instead of three quarters, of the sums collected has been used for relief in Canada. I am advised that the German phrase "Deutscher Volksgenosse" used in the circular to describe the persons to whom the appeal for contributions was addressed, while not a term which has been legally defined, applies only to citizens of the German Reich, whether resident in Germany or abroad. The implication which was drawn that Canadians of German origin were specifically included in the appeal does not therefore appear to be correct, if by "Canadians" Canadian nationals are meant. An appeal such as set forth in the circular in question, if addressed to Canadian citizens of whatever origin, would undoubtedly be most improper. Other questions raised by the terms of the circular have been brought to the attention of the consular representatives.

[Mr. Perley.]

TRADE AGREEMENTS

CANADA-UNITED STATES—CONTINUATION OF DEBATE ON MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

The house resumed from Thursday, February 23, consideration of the motion of Mr. Mackenzie King that the house go into committee on the following proposed resolution:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. D. G. ROSS (St. Paul's): During the course of my remarks last evening the Prime Minister (Mr. Mackenzie King) drew my attention to a dispatch from the Secretary of State for the Dominions in London to the effect that the agreement could not have been made except for the sacrifices that the dominions were prepared to make in this matter. I am sorry I did not hear the right hon. gentleman correctly, and thought that some further documents had been tabled. I was quite aware of that dispatch. I am also aware, as I stated earlier in my remarks, that certain sacrifices had to be made by Canada. But what hon. members of this house and the people of Canada should know before they can properly judge the merits or demerits of the new treaty is just what sacrifices we were asked to make or it was necessary for us to make. The dispatch does not mention that. What I am asking for is the removal of the smoke-screen.

Before the house adjourned last night I had quoted a dispatch from the London *Weekly Times* with respect to protests under the most favoured nation treaties, and I continue.

Mr. MACKENZIE KING: Before my friend continues may I relieve his mind at once by saying that all concessions that were granted were requested and were necessary in order to enable the agreement between the United Kingdom and the United States to be concluded. But with respect to concessions made, there were as far as we are concerned compensations effected in the agreements which we have either with the United Kingdom or with the United States.

Mr. ROSS (St. Paul's): I did not hear the right hon. gentleman very well, but tomorrow I shall read in *Hansard* what he said.

Other countries which have made trade treaties with Canada containing the most favoured nation clause will claim under that

clause the benefits of the tariff concessions accorded to the United States. Yet we are told by the government that they have received no complaints, and that the effect on these treaties is a matter of minor importance.

The consequences of these treaties are so far-reaching and involved that it would be impossible for me in the time at my disposal to discuss this aspect of the matter. But the fact is that the ministry do not know what the consequences will be. It would take an expert two or three months to ascertain that. Did we have to make all the sacrifices in order that Great Britain and the United States might conclude this treaty; or for world appeasement, or for peace with the United Stats? We have had peace with them since 1812; do we have to pay for the future? Let me read from the Toronto *Daily Star* of February 15, 1939:

Asserting that the United States "for selfish reasons" would be forced, defensively, to go to the aid of Canada or Great Britain in an emergency, Representative Pace (Democrat, Georgia) added:

"I feel sure that the President did not say our frontier is on the Rhine. In my judgment he could well have said, 'Our first line of defence is England and France.' When we see England and France go down, we are threatened."

I do not think we have to pay for that. The senator from Georgia simply states the truth.

What did we get by way of compensation for the sacrifices which we have made? I wonder whether hon. members realize that in 1937 the value of all our exports to the United States, which consist of products which they must have, such as newsprint, pulpwood, lobsters, nickel and alloys thereof, totalled $173,000,000 in round figures. Gold is still on the free list, I do not think it is bound; that amounted to about $75,000,000. Are those concessions? We get concessions, it is true, on products which they do not have to have. But these concessions are mostly surrounded by quotas. Let me read from a press release of February 7 last from the United States government. Let us hear something about these concessions. For the calendar year 1938 their exports to Canada for domestic consumption were in round figures $453,000,000. Their imports from Canada for domestic consumption, excluding gold, amounted to $257,000,000, leaving therefore a balance in their favour of $204,000,000, excluding gold. I point out that the United States were not suffering from the results of the 1935 treaty. They did not need further concessions from us.

Then I turn to the press release of November 17, 1938. I wish every Canadian could have a copy so he could read it for himself. I quote from page 12:

In the agreement of 1936 the reduction of United States duties on certain important commodities, mustly agricultural, was safeguarded by the use of tariff quotas, the reduced duties applying only to limited quantities; any imports in excess of the specified limits continued subject to the full rates.

And these quotas are ridiculously small. Agriculture and so on has been amply safeguarded. The quota on milk, for example, is one-fifth of a pint a year to each person in the United States. The quota on cattle for the quarter was filled by January 31. So much for the quotas.

Again I quote, this time from page 15:

The most important free list items bound by the new agreement (including those already bound by the 1936 agreement) are: newsprint paper, wood pulp of all kinds, and pulpwood; lobster, scallops and sea herring; certain kinds of furs; crude asbestos; crude artificial abrasives; and certain fertilizers. The imports from Canada in 1937 of all articles bound free by the agreement amounted to $203,000,000 or 85 per cent of all free imports from that country. The assurance that duties will not be imposed on this huge volume of trade is of great value to Canada and has been taken into consideration by that country in making its concessions to the United States on articles dutiable under the Canadian tariff as well as on duty free articles.

Why, then, should these have been taken into consideration? What do we care whether or not these items are bound free? The only people that care about that are the consumers of the United States; they are the ones who are interested—and possibly their government, for revenue purposes. It is in their interest to have low duties.

Again I quote, this time from page 52:

A secondary reason why the United States has kept newsprint paper and paper materials on the free list may lie in the fact that at least in times of active business construction the cut of wood from American forests for lumber, paper and all other purposes, exceeds the annual growth, with resultant depletion of the total stand of timber, logs, posts, poles, railway ties, pickets, palings and lath. The free entry of these wood products has long been maintained by Congress in the public interest.

I do not think the United States will put a duty on them. I do not see much concession there; it is simply a matter of self-preservation.

Again on page 53 it is pointed out with respect to nickel that Canada is the only producer. Aluminium is controlled by a cartel. I might go on to other items but time does not permit. But these are not concessions;

a duty would have very little effect on the export of these items. There is no evidence of compensation here. Then at page 908 of *Hansard* the Prime Minister (Mr. Mackenzie King) said:

> Those agreements are inseparable in the sense that netiher could have been effected without the other.

This is true only to a small extent. In his various statements the Prime Minister has sought to leave this impression, but he refuses to let us know what Great Britain asked. Let us see what it was necessary for Canada to do in order that Great Britain and the United States might make this agreement. Apparently we had to do just what Great Britain wished. The other dominions did not have to make parallel agreements; they did not have to make concessions to thirty-eight other nations; they did not have to make sweeping tariff reductions. We have received little compensation, while at the same time we have made further sacrifices, as I have already said. Under the circumstances all that was required was a revision of our treaty with Great Britain, and this could have been done by an exchange of notes. Further sacrifices under the Canada-United States agreement had nothing whatever to do with it, nor did Great Britain inform the government of Canada that we must make all these reductions and sacrifices or the United States would not deal with them. If Great Britain did make that statement we should know about it. I do not think they did. They expected that we would get compensation.

Just what did Great Britain ask Canada to do? I believe this correspondence should be made public. If the government had so desired I do not think there would have been any difficulty about renewing the 1935 treaty with the United States, possibly with minor changes which might have been necessary. The United States press release of November 17, 1938, states:

> The experience of both countries with the first agreement, which was already wide in scope, has been generally considered highly satisfactory.

They were certainly speaking for themselves, not for us. They were perfectly satisfied. Then I quote from page 2 of the same press release:

> Roughly three-fifths of the value of the imports into the United States from Canada has long consisted of crude or simply manufactured products of forests and mines which have entered free of duty.

These shrewd negotiators certainly had an eye to the natural products of Canada in order to conserve their own. We must watch our step with respect to the depletion of our forests. Professor Zavitz, provincial forester, has stated that the deforestation of Ontario is threatening the basic water supply for agriculture, and has appealed for cooperation in initiating reforestation schemes to prevent soil erosion and conserve water supplies. According to the Canada Year Book our forests are being depleted at an estimated rate of 3,550 million cubic feet per year. No wonder Professor Zavitz is apprehensive.

Again I quote from page 2 of the United States press release:

> Experience under the first agreement shows that the agriculture and industry of the United States had been left with adequate protection in the domestic market, even though the reduced duties opened to Canadian producers the opportunity to add to their sales in this country.

It is easily seen that they are satisfied.

I submit, Mr. Speaker, that the propaganda that was sent out in advance, the big noise about world appeasement, the cry that Canada had to make this treaty for the sake of peace, was nothing but subterfuge to cover up the real issue, which was: Is this treaty good or bad for this country? Consider the way this treaty was negotiated: disregarding advice; sending three executives of the civil service to do the job, not one of whom was an industrialist, not one of whom had a broad knowledge of agriculture or mining. This showed the grossest disregard of the best interests of the country. Are these men responsible? I do not know, but I do know they have to follow the policy of the government. The cold, bald facts concerning the 1935 treaty and its results are before us today. Unemployment is greater than it has been since 1935, and is increasing all the time. All the theories, indices, trade statistics and so on put up in defence of the treaties do not alter that fact. We have upwards of four hundred thousand idle workers, another four hundred thousand on part time and thousands of young men who have come of workable age and who have never been able to get jobs. In my own city more people are legitimately on relief than there were in 1935. At the present time those on relief in Toronto number some 67,000, and taxes are increasing by leaps and bounds.

What further have we before our eyes? We have further debt. There is a resolution on the order paper to empower the government to borrow $750,000,000 for refunding, public works and other purposes. This, when broken down, means that $330,000,000 is available for the latter purpose, I suppose mainly for the relief of unemployment and for the pork barrel. Federal revenue from taxes has

increased from $317,300,000 in 1935-36 to $448,600,000 in 1937-38, an increase of $131,300,000 in that short time. All taxes in Canada, federal, provincial and municipal, have increased during the same period. Why? Because of the struggle to relieve unemployment which the much-vaunted 1935 treaty was to end. That prophecy has not come true; they have not done the job. We recovered from the 1930 depression faster than the United States. The policies of the Conservative government accounted for that. The United States is recovering from this last recession faster than we are. We never should have sunk so far during this depression, but we are still sinking, held down by this 1935 treaty link. The government is responsible.

Now, Mr. Speaker, what has been done for the industrial worker? Nothing. Not only has no assistance been given him; he has been sacrificed. Where can we look for increased employment to-day? Where is the greatest need? Our secondary industries are practically the only place to which we can look for increased employment, yet they certainly have been crucified by these treaties. The industrial worker accounts for forty per cent of Canada's production, but certainly he has not been given much of a chance. I guess the only place for him is on relief. What bungling there has been in connection with these treaties! We find the government making a bargain with the three per cent excise tax on the items in the treaty, and now it will be necessary to take that excise tax off all imports, otherwise the burden so far as the manufacturers are concerned will be unbearable. The whole thing is just a muddle. I have no doubt a good deal more of this will come to light when the individual items are examined.

It has been said frequently during this debate that time alone will tell. Do the government mean to say that no comprehensive study has been made as the probable results of the treaty, and no conclusions arrived at? Tampering with Canada's economic life under those circumstances is a pretty serious experiment. It shows the grossest incompetence on the part of the government, and on their neglect and incompetence they will be judged. There is no question of taking a firm stand against Hitler and Mussolini here. That stand could have been taken without the sacrifices we had to make. We have given up a large and stable market in Great Britain for a prospective unstable one in the United States—the substance for the shadow.

Every means seems to have been taken carefully to keep out of the public eye the concessions given by the government in the treaty. The government press release and publications have pointed out the advantages, but not the disadvantages. It is so bound to the dogmas of free trade that it has shut its eyes to the disastrous conclusion of the 1935 agreement. The cry for world appeasement and peace are nothing more or less than an effort to foist free trade on the people of Canada. Do not let us be misled by this talk of world appeasement, a bold front against Hitler, or peace with the United States.

Treaties such as the present one are most likely to sow the seeds of discord, discontent and dispute rather than promote peace and goodwill among the people of Canada. We have to pass judgment on the cold facts. The public are still in the dark. They do not know about the unnecessary lengths to which the government has gone, but some day they will have a rude awakening. The Prime Minister's blindness in this matter, and the blundering manner of contracting these agreements, will lead him, not to the crowning glory of his career, but to the valley of humiliation.

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Speaker, because it deals with the vast matter of trade, the resolution before the house is probably one of the most important which will come before us at the present session. Proof of its importance is found in the fact that many of the speeches delivered by hon. members in the debate on the address, especially by hon. members opposite, had reference to the trade agreement recently consummated with the United States.

This question of trade is one which almost from the very beginning of our confederation has engaged the attention of Canadians. This I believe is perfectly natural and understandable. If we study history and look around us in the world we find that the countries which have attained the highest degree of civilization are those which have reached the highest degree of perfection in their international trade. Many examples could be given. We could cite the example of Great Britain whose trade, I believe, leads that of the world. We could mention France and the United States. The same was true of Germany until that country turned her back on her past and sought to find new paths to national greatness.

It is a significant fact that in Canada we have attained a very strong position indeed in the matter of international trade. Ours is a country vast in extent, with only eleven millions of people, and yet one which in the

year 1937 stood sixth among the nations of the world in volume of international trade. In 1936 we held fourth place among the exporting nations of the world, and the same condition held true in 1937. This is without question a remarkable achievement.

I suggest these facts are evidence of two things. They are evidence, first, of the enterprise, resourcefulness and initiative of the Canadian people, and, second, of the value of the resources of our country. Because of this, over the years, if we contrast our position with that of many other countries, we have had in Canada—sometimes up, sometimes down—a remarkable degree of prosperity. I believe that fact is indisputable. Because of this vast volume of trade, touching almost all countries of the world, we have been able to develop the amenities of modern civilization. Our educational system; our hospitalization for the unfortunate, our care for the needy, have reached as high a degree of development as can be found almost anywhere else in the world.

We have been able to do this because of our prosperity. In 1929 our total trade reached the vast sum of well over two and a half billion dollars. While there have been some reverses since that time, partly because of our own mistakes and partly because of conditions beyond our control, nevertheless on the whole it has remained at a high point.

It is perfectly natural and understandable that the question of trade and fiscal policies should create differences of opinion. Broadly speaking—and certainly over the last sixty years—such differences have existed between the two major parties in the country. I know it can be said that there were times, and there have been years when the policies of the two parties appeared to be not far apart. But there is this significant fact, that whenever an opportunity came to free trade from some of its shackles, or to extend the possibility of getting Canadian markets, the Liberal party have been found on one side and the Conservative party on the other.

Mr. CAHAN: Oh, no, no!

Mr. SPENCE: We got the market and you lost it.

Mr. CRERAR: My hon. friends object to that. I hope before I go much farther I shall demontrate a little more fully the truth of the statement. But in the main that is the fact. The Conservative party has been the one which has always advocated what it thought to be an essential measure of protection for Canadian industry, through the maintenance of tariffs. That will not be disputed. On the other hand, while at times the Liberal party, in the judgment of many of its supporters, has maintained tariffs that were too high, nevertheless it has had its face turned in the right direction. When opportunities have arisen it has moved in the direction of lowering tariffs, promoting trade and thereby aiding in bringing prosperity to the Canadian people.

Since the great war there has been a distinct impetus in the world toward economic and political nationalism. This is particularly true of Europe during the last eight or ten years. What led to this condition? So far as some European countries are concerned, the fear of war and the uncertainty of the future caused them to adopt policies which have unquestionably restricted and hampered international trade and world recovery.

A similar policy was adopted by the United States following the war. The United States has been frequently referred to in this debate as a high tariff country, but there have been times in the past sixty years when their tariffs were not nearly as high as they have been in the last seven or eight years. During the tenure of office of President Wilson the institution of the Underwood tariff brought about substantial reductions in the duties on goods going into that country. Let me say in passing that that tariff was of particular benefit to Canada during those years. But following the war, probably more or less because of a feeling of disappointment over the trend of affairs in Europe, the United States took the other course. We had the Fordney-McCumber tariff in 1922. Then for several years there was in the United States a definite propaganda, energetically carried on, to the end that she should cut herself free from the rest of the world, not only in an economic but also in a political sense. There were those who held and expressed the view that the United States could live unto herself, that she did not need the rest of the world. If Europe was to become a madhouse, at any rate the United States could remain out of it. All this led to the adoption of the Hawley-Smoot tariff in 1930.

What was the idea back of the adoption of the Hawley-Smoot tariff? It was simply a continuation of the policies which had been finding favour in the United States for a number of years previously. The Hawley-

Smoot tariff raised the customs duties to a point which I do not think had ever been reached before in that country. After that was done they looked forward to a period of prosperity; but what happened? Within three years, yes, within two years, the United States had entered the worst period of depression it had ever experienced. There came a time when its banks closed, when its trade had practically disappeared; and with these conditions came unemployment, distress, suffering and misery.

We also had an experiment in Canada. I recall the election of 1930 and the campaign carried on by the former leader of the Conservative party. I can recall some of the speeches made by hon. gentlemen whom I see opposite to me at the present time. What were those speeches? What was their policy at that time? They criticized the policy of the Liberal party in the matter of tariff reduction during the previous ten years. They told the people that the unemployment that was coming along was all due to the fact that tariffs had been reduced, that the country had been on the wrong course. The people took the Conservative party at its word and returned it to power in 1930. One of the first acts of the new administration was to raise the tariff. A little later it was raised again, to the highest level it had ever been in Canadian history. Do any of my hon. friends opposite deny that during the election campaign of 1930 they pressed this policy upon the Canadian people as a cure for their economic ills? Do they deny that they stated on platform after platform that if they were returned to power they would raise the tariff, they would cure unemployment, they would bring prosperity to the country?

Mr. SPENCE: We tried to. That is what you have not done.

Mr. CRERAR: The hon. member for Parkdale (Mr. Spence) was one of the prime movers in that respect. I really believe the hon. member has a conscience, and it must bother him greatly at times for the part he took—

Mr. SPENCE: Not a bit.

Mr. CRERAR: —in that campaign.

Mr. PERLEY: The hon. member might recite how his own conscience bothers him.

Mr. CRERAR: I will attend to my hon. friend in a little while. I was one of those who was left at home in the 1930 election, but I recall the autumn session in 1930 when the tariff was raised. Why was that done? To cure unemployment and to restore prosperity. Hon. gentlemen opposite cannot deny that. Again in the session of 1931 the tariff was hoisted still higher, for the purpose, it was alleged, of relieving unemployment and bringing prosperity to Canada. What happened? With every increase in the tariff, there was an increase in unemployment and an increase in the burdens placed upon the Canadian taxpayers. That was the result of the mistaken policies of my hon. friends opposite.

Then we had the 1932 conference which was to cure everything. I have never been one of those who had very much faith in the work of the Ottawa conference. I took the trouble this morning to read the opening address by Mr. Baldwin, now Earl Baldwin, who headed the British delegation. The conference would have achieved something worth while if it had followed the lead he gave in that address; but it did not. He pointed out that there were two courses to be followed. The conference could increase intra-empire trade by reducing the tariffs against each other and leaving the general tariffs against outside countries where they were, or they could leave the intra-empire tariffs where they were and increase the general tariff against other countries. Unfortunately it was the latter course that was followed.

Mr. CAHAN: Oh, no, decidedly not.

Mr. CRERAR: My hon. friend may dispute that, but—

Mr. CAHAN: I do.

Mr. CRERAR: —the record is against him.

Mr. CAHAN: Not a bit of it. There was a raising of tariffs and there was a lowering of tariffs.

Mr. CRERAR: So far as Canada was concerned, the lowered tariffs had to do chiefly with things that did not count, while the tariff was raised on things that were vital to the Canadian consumer. May I say in passing that there was another unfortunate consequence that flowed from those agreements. I do not wish to get into a controversy with my hon. friends opposite, but the Ottawa agreements did create in the minds of the have-not countries in an anxious and uncertain world, the idea that the British empire, the mother country and its dominions, was set upon a policy of economic imperialism. The effect of this impression on countries that lacked the sources of raw materials which the British empire possessed has exercised an injurious influence upon the world for the last six or seven years.

But my hon. friends opposite of the Conservative party did endeavour to negotiate a trade treaty with the United States prior to the election of 1935, and in this debate reference has been made to that effort. But while discussions and even negotiations in regard to the treaty went on, no finality had been reached when the general election took place in the autumn of 1935. If one can form any judgment from the speeches made by my hon. friends opposite in this debate, they would never in the world have succeeded in negotiating a trade agreement with the United States, and I am firmly convinced there would have been no such trade agreement if the Conservative party had been returned to power in 1935.

What would have happened? I think I can picture the scene. I am sorry the leader of the opposition (Mr. Manion) is not in his seat, but I recall his attitude in the budget debate of 1930, and I can see him, if a trade agreement with the United States was coming forward, getting out his shillelagh—it is never far away—and appealing to the red-blooded Canadianism of the Canadian people against having any "truck or trade with the Yankees."

I go on down the line to my good friend from St. Lawrence-St. George (Mr. Cahan). In passing may I say, and I am sure he will take my word for it, that there is no member of the house for whom I have a greater respect, but I was disappointed in the speech he made the other night. If the Conservative administration had been returned in 1935 and a trade agreement with the United States had been approaching finality, I can see him going back to the days of Cleveland and the Alaska boundary award; I can see him citing to his leader all the speeches that had been made by all sorts of politicians in the United States at the time of the reciprocity proposals in 1911. Is there any possible indication that my hon. friend would have supported a reciprocity agreement with the United States?

Mr. CAHAN: Certainly not the agreement that was then suggested by the United States; and my views were made perfectly clear.

Mr. CRERAR: I will say, in the best of good temper, that I do not believe there is any kind of trade agreement that could possibly be made with the United States that my hon. friend from St. Lawrence-St. George would support.

I go on down the line to the hon. member for Yale (Mr. Stirling). He is not in his seat at the moment, but in imagination I can see him looking across to Oregon, seeing a few apple orchards there, and saying: Nothing doing so far as apples are concerned in a trade treaty with our United States neighbours!

Mr. LENNARD: It is more than a few apple orchards.

Mr. CRERAR: Yes. I can imagine also—

Mr. CAHAN: The hon. member's imagination is working well to-day.

Mr. DUNNING: He has not started painting pictures yet.

Mr. CRERAR: I can imagine what our good friends from Toronto would have said —the hon. member for Broadview (Mr. Church), the hon. member for Parkdale (Mr. Spence), the hon. member for St. Paul's (Mr. Ross), the hon. member for Davenport (Mr. MacNicol)—what would have been their reaction to an approaching trade agreement with the United States?

Mr. DUNNING: They would have required medical treatment.

Mr. CRERAR: They would have picked up their war weapons and stood four-square against it. It is not that this particular trade treaty is unacceptable to hon. gentlemen opposite, Mr. Speaker; any kind of trade agreement with the United States would be unacceptable to them.

Mr. SPENCE: I do not think it is fair for the hon. gentlemen to make statements of that kind before this house, because he knows better. He knows that if we could have made a trade treaty with the United States that would have been satisfactory to us we would have done so at any time. But the hon. member says that we would not do it under any circumstances.

Mr. CRERAR: I certainly do not wish to be unfair. I withdraw my statement, and moderate it to this extent—

Mr. SPENCE: But you have said it so often—that is the trouble.

Mr. CRERAR: There might be a glimmer of hope, very, very dim and distant but still a glimmer, that the hon. member for Parkdale (Mr. Spence) would have seen the light.

Mr. SPENCE: I have seen the light many a time, but I see nothing but darkness when I look at you.

Mr. EULER: Can't take it.

Mr. CRERAR: Hon. gentlemen opposite, as I said a moment ago, had a trade treaty with the United States in process of negotiation before the election of 1935, but no finality

was reached. Then came the general election, and within six weeks the present Prime Minister (Mr. Mackenzie King), my respected leader, had gone to Washington and negotiated and settled the argument.

Mr. SPENCE: Because he accepted what we would not take—that is all.

Mr. CRERAR: Now, what were the benefits from that agreement? If we take a glance at the economy of Canada to-day what do we find as the greatest need of Canada in its commerce and industry? I submit, Mr. Speaker, that it is markets. Take the economic story of Canada from the Atlantic to the Pacific, and you will find that that is true. Go down to Nova Scotia: their need is markets for their products. New Brunswick needs markets for its lumber and potatoes; Quebec needs markets for its pulp and paper, lumber and asbestos; Ontario needs markets for its products; the prairie provinces the same, and British Columbia as well. The great need of all our provinces is markets for their products, and the fact of the matter is that the trade agreement, negotiations for which were started by the late administration before the election of 1935, and which were carried to completion by the present administration, did widen the markets for Canadian products. That fact cannot be disputed; the trade figures show it.

Mr. CAHAN: An infinitesimal widening.

Mr. CRERAR: It is not so infinitesimal; on the contrary, it is very considerable, and the benefits from that treaty have been shown in our trade figures. Further, it is not without some significance that while the United States had a very considerable depression in the latter part of 1937 and in 1938, this country in a measure escaped the consequences of that depression. And why? Because our people were profitably employed in producing the things that we could sell.

Mr. CAHAN: Not to the United States.

Mr. CRERAR: Yes, to the United States, and the figures show it.

Mr. CAHAN: We sold them elsewhere, in British countries.

Mr. EULER: More went to the United States than to any other country in the world.

Mr. CRERAR: I respectfully suggest to my hon. friend the member for St. Lawrence-St. George that he study the trade figures if he has not done so.

Mr. CAHAN: I am pretty well acquainted with them.

Mr. CRERAR: Now we come to the present agreement. It is not only an extension of the old agreement, but an enlargement of that agreement, a very considerable enlargement. It widens our markets still further. In what way? The Nova Scotia fishermen, who have been having a very difficult time for a number of years past, have wider markets opened to them for their fish. The New Brunswick and Prince Edward Island farmers have wider markets for their potatoes, and there is a wider market for British Columbia lumber. As regards the great pulp and paper industry of Quebec, we find our present free entry to the United States guaranteed during the term of this agreement, and that is not without some significance. The improvements being made by modern scientific research in the processing of paper will probably lead before very long to the development of methods which will enable newsprint to be made from the great stands of southern pine in the United States, and when we consider that our exports of pulp and paper to that country last year amounted to more than $100,000,000, it is worth something to have during the term of this agreement the assurance that no duty will be placed against our pulp and paper.

Coming to Ontario, that province benefits in several ways from the agreement. It benefits under the cattle schedules, under the dairy products schedules and from the reduction in the duty on nickel going into the United States. In Manitoba we find that there are benefits as there are in Saskatchewan, Alberta and British Columbia.

The great need for Canada to-day is markets for her products. Take mineral production alone. In 1918 our total production of zinc, copper, lead and nickel was 297,000,000 pounds. In 1938 it had grown to 1,586,000,000 pounds. Gold is not affected, although I am not very much impressed with the argument of some of my friends opposite that gold should not be taken into account in the trade export figures with respect to the United States. However, in gold, the production in 1918, equated to the present price of gold, was $24,000,000, whereas last year it was over $164,000,000, an evidence again of the expanding exports of the country and the need for markets in our base metals, lumber, pulp and paper, and live stock—indeed, in almost everything we produce.

The point I am making is that this agreement does enlarge the markets for Canadian products, and to the extent that it does so, it helps to promote prosperity in this country; and as it promotes prosperity here, it increases the peace and happiness of the Canadian

people. That is a strong reason for the agreement. And what are the criticisms against it? I wish to spend a few minutes in dealing with the criticisms of my hon. friends opposite.

I must confess I have been interested in the course they have taken. When this agreement was first announced it received the blessing of a former Conservative premier of Ontario. The leader of the reconstruction party, a former minister of trade and commerce, and first lieutenant of the leader of the opposition, spoke some quite friendly words for the trade arrangement. He thought it was a good thing. I was in doubt myself as to where the leader of the opposition stood on the question—I am sorry he is not here to-day. In the debate on the address he made a long reference to the treaty. After his speech was over and reported I said to a Conservative friend of mine in the city, "Is the leader of the opposition going to oppose, or is he going to support, this treaty?" The reply was, "Well, from his speech I don't know." And that was understandable.

Let me quote from the speech of the leader of the opposition on January 16. The reference will be found on page 34 of *Hansard*:

> I am not questioning that there are advantages in this agreement; it would be a queer kind of agreement if it did not produce any benefit. But when the losses and gains are weighed together, my submission is that there is grave doubt of the advantages being more than the disadvantages so far as we are concerned.

He had not made up his mind. In another part of his speech he said that time would tell, and on page 35 of *Hansard* he is reported further:

> I am now going to leave the trade treaty. I have made a good many general remarks about it, but undoubtedly we shall deal with it more fully when it is up for discussion here. Even then, if it is discussed, as the right hon. gentleman suggested the other day, as soon as this debate is over, I do not think we shall be able to judge as to its merits or demerits, though I anticipate that we shall hear from some men, coming from various sections of the country, interested in certain industries, who may feel that they have been benefited or hurt.

That clearly revealed that the leader of the opposition was even then, as late as January 16, in some doubt. Apparently, however, a course has been mapped and is being followed and we are now meeting from my hon. friends opposite with an increasing measure of opposition to this agreement. Let me deal briefly with some of the counts.

The member for Qu'Appelle (Mr. Perley) may be regarded, I think, as the wheat expert—if I may use that much-abused word—of the opposition.

Mr. PERLEY: Thank you.

[Mr. Crerar.]

Mr. CRERAR: He put a lot of interesting figures on *Hansard* last evening. Not only the member for Qu'Appelle, but several other members of the opposition have criticized this agreement in its relation to wheat. In fact, I am not certain that it is not the strongest point they have endeavoured to make against it, that we lost something when we gave up the British preference of six cents a bushel on wheat. They are lamenting the loss of the British market and asking what we are going to do with our wheat. I believe a very good case can be made out for the argument that the preference of six cents a bushel on wheat was never of any real value to the wheat growers of this country. One of the conditions of that preference—and the hon. member for St. Lawrence-St. George will recall this—is found in article 4 of the 1932 agreement, which reads:

> It is agreed that the duty on either wheat in grain, copper, zinc or lead as provided in this agreement may be removed if at any time empire producers of wheat in grain, copper, zinc and lead respectively are unable or unwilling to offer these commodities on first sale in the United Kingdom at prices not exceeding the world prices and in quantities sufficient to supply the requirements of the United Kingdom consumers.

What does that mean?

An hon. MEMBER: Nothing.

Mr. CRERAR: It means just nothing so far as the value of the preference in the matter of price was concerned.

Mr. CAHAN: Certainly, but there was a preference as to quantity.

Mr. CRERAR: I am making my speech. There was no preference so far as price was concerned. It cannot be shown that a single farmer in Canada received an additional cent a bushel for his wheat because of that preference.

Mr. CAHAN: But he received an additional and sheltered market.

Mr. CRERAR: I come now to the point my hon. friend raises. He says it gave us in a certain degree a sheltered market. But did it? Western Canadian wheat has always occupied a special place in the world's markets because of its peculiar quality. The United States produce not more than twenty-five per cent, probably twenty per cent, of hard wheat in their total wheat production. Consequently they do not export a bushel of hard spring wheat; it is all required in the United States. In the more southern states of the Argentine a type of wheat is produced somewhat similar to that raised in Canada. But I repeat, western Canadian wheat has

occupied a peculiar position in the world's markets because of its quality. And I submit that it was not a profitable business for the wheat growers of western Canada to have created in Europe a condition under which a larger volume of their wheat than would otherwise be the case, was forced into a particular market, even if it was the British market. Why? After all, wheat is a very fluid thing. The United Kingdom, it is true, is the largest single purchaser of wheat on the continent of Europe. But there are other countries that buy wheat, even in these distressful days: Belgium, Holland, Denmark and the Scandinavian countries; France at times, Italy at times until the last few years. A demand for our hard western wheat existed from all these countries, which imported it to blend with wheat from the Argentine and Australia and other countries, to produce the type of flour required by their customers.

I submit that under the wheat preference scheme all that resulted was that Canada was given a more sheltered market in Great Britain, but more wheat from these other producing countries was sent to the other consuming countries in Europe. The result of that condition was that we were placed in a less competitive position as far as the bids we received for our wheat were concerned. So I believe a very good argument could be made that the wheat preference, while in a sense it gave us a sheltered market for some of our wheat—and not so very much either, as I shall presently show from the figures placed on record last night by the member for Qu'Appelle.

Mr. SPEAKER: Order. The hon. member's time has expired.

Some hon. MEMBERS: Go on.

Mr. CRERAR: If I might be permitted just a moment.

Mr. SPEAKER: With the unanimous consent of the house.

Mr. CAHAN: Go on; we are interested.

Mr. CRERAR: A very good argument could be made out that the preference did not result in giving the western wheat producer a single additional dollar for his wheat.

I could deal with the matter of lumber, because that was dealt with at some length by opposition speakers, and the government was criticised for giving up the preference on lumber. Let me tell the house that there are in the northern part of Manitoba several saw mills, one of very considerable size and capacity. During 1932-33, while the United States had the duty of $3 or $4 a thousand against our lumber, those mills were not operating, with the result that there was unemployment and a charge on the public funds for relief. After the 1936 agreement those mills went into operation and have been operating steadily since. Why? Because they find their market in the United States. The same is true of northern British Columbia and northern Saskatchewan. While some sacrifices on the part of the fir lumber industry of the Pacific coast may result from this agreement—I do not think it will be so—the larger opening up of the American market for lumber products is going to result in a great deal more benefit for Canada than would be involved in the exclusion of our lumber from the United States and the maintenance of the preference in the British market.

There are several other matters with which I should like to deal, but I am not going to trespass on the time of the house. In due time this trade agreement will be submitted to the judgment of the Canadian people. I have no doubt whatever what their verdict will be. I am confident that the Canadian people will approve the agreement. They will do so not alone for the material benefits it brings to Canada, considerable as they will be; but they will approve it also because it is an example of friendly trade relationships between two great countries, pointing the surest way to that improvement of international conditions which the world requires. If the world is to settle down to peace, international animosities must be appeased, and the promotion of friendly trade arrangements is the surest way to achieve that end. If for no other reason than this, the resolution we are considering should be approved by this house.

Mr. A. J. BROOKS (Royal): It is not my intention to try to follow the Minister of Mines and Resources (Mr. Crerar) in his argument. I noted during his speech that the hon. member for Melville (Mr. Motherwell) was paying strict attention. I recall that last year he dealt very effectively with the arguments of the minister, and no doubt he will do so again this year.

Before entering upon a discussion of the treaty I should like to make a few remarks with reference to a statement which was made by the hon. member for York-Sunbury (Mr. Clark) last evening. In paying some attention to my humble self, he said that I had not given the facts with reference to certain statements that I made, particularly with reference to the export of apples from New Brunswick. I told him at that time, and I wish now to tell the house, that the

information I gave was obtained from the bureau of statistics. On January 30, 1938 I wrote to the bureau for the information, as follows:

I should be pleased to receive the following information from your department:

1. Number of barrels of apples exported from Nova Scotia during the past two years (a) to the United States; (b) to the British Commonwealth of Nations. Also the same information relative to the province of New Brunswick.

The return I received from the bureau of statistics was as follows:

(a)	1936 barrels	1937 barrels
Nova Scotia to British empire	929,348	1,089,655
Nova Scotia to United States	60	72
(b)		
New Brunswick to British empire	48,523	25,744
New Brunswick to United States	38	33

That is the information I gave the house during my previous speech, and, as I say, I obtained it from the bureau of statistics. Apparently the hon. gentleman obtained his information from another source, but I would advise him to go to the bureau of statistics at all times, where he will be given the most reliable information and where I am sure he will be treated, as I have been treated, in a very courteous manner. I must confess that in my experience this is one of the most efficient branches of the public service of Canada.

There was another statement to which the hon. gentleman referred and which I may be pardoned for mentioning here. He quoted the hon. member for Greenwood (Mr. Massey) who, in a speech delivered in New Brunswick, is supposed to have said that the opposition member from the maritime provinces was as good as the twenty-five government members from the maritimes. I do not know where the hon. member for Greenwood obtained his statistics, but my modesty will hardly permit me to go as far as that. I feel constrained to say that there must have been some slight exaggeration.

This treaty, Mr. Speaker, is exercising the minds of people in all parts of Canada. During my short experience as a member of this house, representing a constituency in the maritime provinces, it has been my privilege to hear discussed both the 1935 and the 1938 treaty. I heard the treaty of 1935 extolled by hon. members opposite as a grand accomplishment which would bring undoubted prosperity to our country. I have no hesitation in saying, however, that it has not improved conditions in the maritime provinces. The only benefit I have heard claimed in this house as having resulted from it is that it brought about some increase in our sales of turnips in the American market. I took occasion to look up the facts regarding the exports of turnips to the United States from the maritimes, and compared the years 1934 and 1935, before the treaty came into operation, with the last two years, 1937 and 1938. The figures are as follows:

	Bushels
1934	1,047,537
1935	1,131,012
1937	1,365,666
1938	734,389

So, in connection with the export of turnips, the figures remained practically the same after this treaty came into effect; and so far as the price was concerned, I have heard it stated that the price was more to the advantage of the consumer in the United States than that of the shipper in the maritime provinces.

As has been pointed out very clearly by previous speakers, on this side of the house, that treaty was of great benefit to the people of the United States, and I am not surprised that they are now anxious to have another treaty with Canada, particularly since it is linked up with the treaty with Great Britain, giving the United States special privileges in the British market which we in Canada are losing.

Some hon. members, in an effort to prove that a treaty with the United States would be of great benefit to Canada, have delved into ancient history. They have gone back to 1854-66, and have said that reciprocity was a grand thing for the maritime provinces in those days. There is no question about that; I quite agree, but there is no comparison between the reciprocity of those days and this trade treaty, which is not reciprocity at all. In 1854-66 the maritime provinces produced large quantities of fish, as they do to-day, as well as large quantities of agricultural products and a great deal of lumber. But these commodities had access to United States markets practically free of duty. Then it must be remembered that in those days the United States was engaged in a great war. Men who normally would have been farming, fishing and producing other commodities could not attend to that kind of work, and they needed these commodities. The maritime provinces formed the most convenient source, and we sent them considerable quantities of the things they needed. Of course we were prosperous. Again, in those days the maritime provinces formed one of the great shipbuilding centres of the world.

It is no wonder that from generation to generation the feeling has persisted in the minds of the people of the maritime provinces that reciprocity is a grand thing for us. It would be if we could get it, but, as I said a few moments ago, there is no more similarity between the trade treaty we have to-day and the reciprocity we had in years past than there is between day and night. In the interval, and particularly in recent years, the United States has built up an almost insurmountable tariff against the products of our people, not only of my province but of every part of Canada. Even when the duty is reduced by fifty per cent, as it has been in many instances under this treaty, there still remains a barrier which it is almost impossible, and in many cases absolutely impossible, for our products to surmount.

As has been stated by previous speakers, in concluding a treaty with the United States Canada must exercise more care than is necessary in dealing with any other nation. We are a people of eleven million dealing with a people of one hundred and thirty million. In very large measure the same commodities are produced, bought and sold in the two countries. The great difference is that they sell most of their production—I believe some ninety per cent—in their home market, while we on the other hand must sell a large proportion of what we produce in an outside market. While a change in tariff may make little difference to them, to us it may have dire consequences.

In the maritime provinces we are a rural people. According to the census returns about fifty per cent of the people of Canada are urban, but in the maritime provinces we are over seventy per cent rural. A trade treaty, to benefit the people of the maritime provinces, of necessity must benefit the primary producers. I come from the county of Kings in the province of New Brunswick, which I suppose is the finest dairy county in the three provinces by the sea. As is known, we have many excellent herds of cattle. They have taken prizes at the Royal Winter Fair at Toronto, at the Chicago exhibition and at other exhibitions throughout Canada. We are very proud of the dairy cattle of my county. But what is the condition to-day? In 1935 hon. members opposite told us that we would receive great benefit from the sale of milk and cream to the United States. Not one gallon of cream was sold from my county or any other county in the maritime provinces to the United States, as a result of the treaty. To-day the dairy farmers of that splendid county, one which has been perhaps as prosperous as any other part of the dominion, are having a very hard struggle to get along, on account of the great influx of vegetable oils from other parts of the empire and the world at large, and also the great influx of butter.

Yesterday the hon. member for York-Sunbury said that we were selling more dairy cattle to the United States. There is no question about that. We are compelled to sell dairy cattle to the United States, and to sell them at any price, because we cannot sell the butter and other dairy products we are producing in the maritime provinces.

May I place on *Hansard* some figures with reference to the production of milk in the county of Kings. I find at page 172 of volume 8 of the census returns for Canada, 1930, that in that year Kings county produced 6,742,000 gallons of milk. It has been stated in the house that one county in Ontario could more than fill the quota. I repeat that Kings county could more than fill the quota of milk which will be permitted entry to the United States. We are allowed 3,000,000 gallons of milk. As I said a moment ago, in 1930 Kings county produced more than 6,000,000 gallons, and I believe it produces more to-day. But the people of that county will sell no milk to the United States, because even with the reduced rate of duty it is not profitable to do so.

I come now to one of the other great products of the maritime provinces. I was glad to hear the hon. member for Victoria-Carleton (Mr. Patterson) break his three years of silence in the house to come to the defence of the potato interests of his county. He and the hon. member for Prince (Mr. MacLean), said that the treaty would be of great benefit to the potato producers of New Brunswick and Prince Edward Island. I believe in the maritimes we produce the finest potatoes produced in Canada. Our climate and soil are particularly adapted to the production of this commodity. Without wishing to give offence, may I say that when I sit down to a meal and see before me watery and soggy potatoes produced in other parts of Canada, I feel it would be worth while if the maritime provinces were given the absolute monopoly of producing potatoes in Canada.

Mr. EULER: That's an idea.

Mr. McGREGOR: No potatoes in the Klondike.

Mrs. BLACK: Yes there are, and the best kind of potatoes.

Mr. BROOKS: The hon. member for Victoria-Carleton claims that the treaty will be of great benefit to potato producers of

New Brunswick. I am frank enough to say that there will be some benefits, but certainly they will not be as great as the hon. member would have the house and the country believe. I say that for two reasons, first because of the quota placed against our potatoes entering the United States, and secondly because of the free entry of potatoes from the United States to Canada. The United States produce about 400,000,000 bushels of potatoes yearly. We in Canada produce an average crop of 55,000,000 bushels. The table quota for Canada is 1,000,000 bushels. There is to be a duty in the United States of 37½ cents per hundred pounds for nine months of the year, and 60 cents for three months. The three months in which the greater rate is charged are December, January and February. As the producers of potatoes in the maritime provinces well know, December, January and February are the three important months so far as the export from our province is concerned.

The other day the leader of the opposition (Mr. Manion) said there was one county in New Brunswick which could more than fill the quota. His statement has been criticized, but I want to say that there are at least four counties in New Brunswick and Prince Edward Island which could more than fill the quota. For my authority I quote the census of Canada for 1931, volume 8 page 166. In 1930 Carleton county, New Brunswick, produced 3,525,297 bushels, and Victoria county produced 1,835,710 bushels, the whole province of New Brunswick producing 12,153,067 bushels. Each of the counties of Prince Edward Island produced more than 3,000,000 bushels. Kings county produced 3,110,411 bushels; Prince, 4,471,689 bushels, and Queens, 4,409,564 bushels, making a total for the province of Prince Edward Island of 11,991,664 bushels, or practically the same as New Brunswick. I repeat that there are at least four counties which could fill the quota for the United States.

Let us analyse it from another point of view. We are allowed a quota of 1,000,000 bushels of table potatoes. There are 130,000,000 people in the United States. I do not know exactly how many potatoes there would be in a bushel, but I doubt if there would be many more than 130. However, we will say that there are 260.

Mr. MICHAUD: Depending on the size.

Mr. BROOKS: Yes, depending on the size. Of course we grow large potatoes in New Brunswick and Prince Edward Island, and I am speaking of maritime potatoes.

Mr. MICHAUD: Good potatoes.

[Mr. Brooks.]

Mr. BROOKS: This computation means that we would supply one or two potatoes for each person in the United States. That is the quota we receive under the treaty, and about which we hear hon. members opposite boasting.

The quota on seed potatoes has been doubled, an arrangement which is all to the good. I do not question that fact. However I have heard on reliable authority that the quota of 750,000 bushels which we had before could have been filled by one shipper in Prince Edward Island alone. That may have been incorrect, but I am satisfied that two or three shippers in New Brunswick could fill the quota to-day. It simply means that under the quota only a few people would really benefit from seed potato shipments to the United States. As a matter of fact, the ordinary farmer is not producing seed potatoes, the production of which requires a specialized and expensive process, and is engaged in only by wealthy men.

As far as concessions are concerned, the hon. member for Victoria-Carleton said last night that we received only a small quantity of potatoes from the United States. But he did not tell the house that up to this year here had been a 75 cent duty against potatoes coming in from the United States. There is no question in my mind that as a result of the removal of this 75 cent duty for nine months of the year, there will be far larger quantities coming into this country. As a matter of fact, the United States with a production of 400,000,000 bushels could flood the markets of Canada overnight.

The hon. member also stated that his county stood side by side with the great potato-producing county of Aroostook in Maine. He claimed that the cost of producing in Aroostook is less than the cost in Canada.

Mr. KINLEY: The reverse.

Mr. BROOKS: I stand corrected. As to comparative costs of production on either side of the boundary, I am satisfied that the cost of production in New Brunswick is as great as it is in the state of Maine. What enters into production costs? First, there is farm machinery. I have heard hon. members from every part of this dominion state in this house that we in Canada have to pay more for farm machinery than they do in the United States. The cost of their implements of production must be less. Then the cost of fertilizer has to be considered. There is no doubt that we in Canada pay as much as they do in Maine or other parts of the United States, and I am satisfied that we pay more. The hon. member mentioned that the

duty on spraying materials had been reduced from 15 to 7½ per cent. That alone would demonstrate that we pay 7½ per cent more for the spraying of our potatoes than do the people in Maine. Then there is the freight to the centres of population. The cost of shipping to the large centres in the United States will have to be considered. It is said that the cost of labour would be the same, but we must not forget that there is a duty of 60 cents per hundredweight against our potatoes for the months of December, January and February and a duty of 37½ per cent for the other months in the year. With all these costs I am satisfied that the total cost of producing potatoes and marketing them in the United States is somewhere in the neighbourhood of $1 per barrel. There would have to be a considerable difference in the price of potatoes produced in the two countries to make our potatoes attractive in their markets.

The hon. member also said that the potato growers of Maine were stating that they had been "sold down the river". How can a quota of 1,000,000 bushels have much effect upon a production of 350,000,000 or 400,000,000 bushels? Still it is claimed that this treaty is going to work great hardship upon potato producers in the state of Maine and in other parts of the United States. The whole thing is ridiculous. Then the hon. member said that there would be an increased quota when there was underproduction in the United States. We must remember that as a rule when there is a poor crop in the United States, there is also a poor crop in Canada. When drought or some other unfavourable condition causes a poor crop in one country, it generally affects the crop in the other. I have been told that the United States is increasing her production areas in order to be able to produce a few million more bushels.

I come now to another group of primary producers in the maritime provinces, the fishermen. Much has been said in this house about the deplorable condition of our fishermen, and we can refer back to similar speeches made by hon. members in years past. If there is any one group in this dominion which should receive sympathetic consideration from this or any other government, it is the fishermen of these provinces. Senator Duff, who has always been a great advocate of the interests of the fishermen, said some time ago that the only solution of their problem was the free entry of fish into the United States. I do not believe that is possible. Speaking in the house in the debate on the address in reply to the speech from the throne, I quoted certain Nova Scotia periodicals and the statements of gentlemen who are interested in the fishing industry in that province. They were almost unanimous in the view that the present treaty was of practically no benefit to the fishermen.

When he spoke the other day, the hon. member for Prince (Mr. MacLean) did not mention any of the great benefits to accrue from this treaty, but he did say that the lobster and smelt fishermen would be benefited. I know, and this house knows, that for years past lobsters and smelts from Canada have been entering the United States free of duty. The United States want our lobsters because their own sources of supply are being depleted. One of the main sources of supply of smelt in the maritime provinces, and perhaps in the world, is the constituency of the hon. member for Northumberland (Mr. Barry), whom I see opposite me. They cannot secure sufficient smelts in the United States to meet their demands.

The experience of the fishing industry has been that up to the present time there certainly is no improvement, either in markets or in prices. In fact it is almost impossible to force sales, and prices are much lower than they were before the trade treaty went into effect. It would appear that the large fish interests in the United States have made up their minds that they are not going to let Canadian fish flood the market, regardless of what Mr. Roosevelt and Mr. King might wish. I understand that during the past month large quantities of salt and smoked fish have been returned to Canada as unfit for sale. This is a most unusual proceeding, as I understand that in the past all fish have been disposed of at some sort of price, although not always one which was profitable to the shipper. Where fish are returned, in some cases the expenses are greater than the cost of the fish.

During the month of January salt fish prices dropped below the point of profit for Canadian producers. This is the first month in which the treaty has been in effect. For instance, in the fall of 1937 green salted cod sold at 4½ cents per pound f.o.b. shipping point in Nova Scotia. In November, 1938, they were selling at 4 cents per pound. With the trade treaty in view the holders were not anxious to sell, and the United States buyers were not in a hurry to buy, each expecting to derive some benefit from the treaty. Time has proven that the American buyers won out, because they are to-day buying large white-naped, or green salted cod, at 3 cents per pound. Boneless cod, which sold in

Boston in early December at 12 cents per pound, sold in January and February at 9 and 10 cents per pound. Most of the fish concerns carried large stock of salt fish into the new year in the hope that the market would improve. Just how some of them are going to pull through with these low prices remains to be seen.

Mr. POTTIER: Are my hon. friend and his party opposed to reduction in the American tariff?

Mr. BROOKS: Not at all, if there is any benefit to be derived. Fresh fish, such as halibut and sworfish, are usually consigned to a commission merchant in Boston with the understanding that they will be sold at market prices which the shipper receives, less freight, duty, entry and commission. Therefore it would seem to me that the shipper should receive the benefit of some part of the duty reduction. My opinion is that the shipper will derive very little, if any, benefit from the treaty, and just at the present time it looks as if he might suffer a heavy loss. There is no doubt whatever that the United States buyer will see to it that he gets the benefit of the duty on all produce purchased f.o.b. shipping point.

I might say, Mr. Speaker, that if fifteen years ago there had been some such tariff reduction as is being made in this treaty, before the United States had spent millions of dollars on trawlers and other fishing equipment, the treaty might have been of more benefit to the fishermen of the maritime provinces.

With reference to the concessions on salt fish, they really mean nothing so long as the same concessions are granted to Newfoundland as are granted to Canada. We cannot hope either to increase our markets substantially or to secure enhanced prices. In this connection it is essential to remember that Newfoundland fish come into this country duty free. No reduction was made in the duty on salt mackerel, although a reduction would have been of great benefit to the mackerel fisheries. This is probably due to Norway being the major supplier.

I should like to read an article which appeared in the Halifax *Herald* of February 17, 1939:

> When the terms of the new Canada-United States trade agreement were announced, men prominent in the fishing industry in the maritime provinces made this forecast:
>
> 1. The salt fish branch of the industry would not be advantaged as a result of the agreement.
>
> 2. While the volume of sales of Nova Scotia fresh fish would be enlarged in the American market, the price to the primary producers in this province would not be increased.

[Mr. Brooks.]

Mr. BARRY: That is Tory doctrine, I take it.

Mr. BROOKS: My hon. friend from Northumberland (Mr. Barry) has not taken the opportunity during the past four years to offer any criticism, but no doubt he will stand up and give us his criticisms later. I continue the quotation:

> Early in the new year the manager of the Massachusetts fisheries Association saw "as the first actual effect of the tariff reduction on Canadian fish, under the new Canada-United States trade treaty, a price-drop that came immediately on resumption of business after the Christmas holidays."
>
> And now, representatives of the New England coast fisheries are meeting "to discuss limitation of catches for Boston boats." A Boston dispatch says:
>
> "The market has been crowded with Nova Scotia fish since the Canada-United States trade treaty (which made concessions to Canadian fish) took effect. As a result it is necessary to find some way of preventing a surplus flooding the local market."
>
> While even yet it is too early to attempt any definite analysis of the effects of this agreement upon the fishing industry of this province, it does seem reasonable to assume (as has been pointed out by men prominent in the industry) that a greater influx of Nova Scotia fresh fish into the American market may have a tendency to depress prices there.
>
> At all events there would appear to be general agreement that the price to the Nova Scotia fishermen themselves will not be increased.

That is the important point, Mr. Speaker, that the price to the Nova Scotia fishermen themselves will not be increased, and since the price is the crux of the whole fishing problem in this province, to obtain any substantial benefit from this new agreement the fishermen will require more money for their products and for their labour, and any benefits coming from this agreement are not getting through to the fishermen of Nova Scotia.

Mr. KINLEY: What is my hon. friend reading from?

Mr. BROOKS: From an article appearing in the Halifax *Herald*, of February 17. The hon. member can give us his views if he does not agree with it.

Mr. KINLEY: I thought you were quoting Mr. Cooley, of the fish association. He was very much against the agreement, you know.

Mr. BROOKS: I now come to coal. There is very little to be said on the coal mining side of this agreement. As I said at the outset, the primary producers are the ones that must be benefited. I ask hon. members from Nova Scotia, what benefit does this treaty give to the coal miners of their province?

One thing is certain, and we may as well face it now as later, and that is that there is no immediate hope for the coal industry of the maritime provinces through increased duties designed to shut out a greater portion of the imported fuel coal that is now flooding the Canadian market. Canadian coal duties are bound in the new trade treaty; they cannot be raised during the lifetime of the agreement, and actually there has been a cut in the duty when you take into account the removal of the import excise duty of three per cent. It reduces the binding scale during the lifetime of the agreement.

With thousands of men out of employment in the great coal industry of the maritime provinces, this government makes a treaty with the United States which allows a greater importation of coal into Canada from that country. As a matter of fact, statistics show that there is as much coal imported into Canada as there is produced in Canada.

If I had time I should like to quote from the brief of the Nova Scotia government which was presented to the federal government a short time ago, but my time is passing. On the one hand we have this government paying out millions of dollars for asssitance to the coal miners in the maritime provinces by way of subvention, and also the bonus of 75 cents, and on the other hand it allows American coal to come into this country to compete with the very same coal which this government is assisting so that it may reach the central market in Canada. That is an anomalous situation which it is very hard to understand.

Some hon. members have spoken of the great benefits which will be derived from lowering the duty on furs. I have not time to go into that this afternoon, but the bulletin of the Prince Edward Island fox pool comments upon it in an article which appeared not long ago. It sent the chairman of their organization to New York, and he found that the prices of furs were being depressed in the New York market. Why? Because under the favoured nation clause of this treaty furs are coming in from Scandinavian countries, competing with the furs of the United States and Canada, and depressing the market away below the prices which could be secured in the London market. As this article in the bulletin of the Prince Edward Island fox pool says, "There is no benefit, or very little, to the producers of furs in this province."

Mr. EULER: May I ask my hon. friend a question? Would he really assume from that, that the fur producer of Canada would prefer the tariff to remain high against imports into the American market?

Mr. BROOKS: I am simply stating the facts.

Mr. EULER: That is the assumption one must place on the hon. member's statement.

Mr. BROOKS: If the hon. member has any quarrel he will have to have it with the Prince Edward Island pool.

Mr. EULER: I have no quarrel with anyone.

Mr. BROOKS: They are the people who should know.

Mr. EULER: They asked for it—the reduction of the American tariff.

Mr. BROOKS: One of the great benefits that have been lost by Canada, particularly the maritime provinces—

Mr. DEPUTY SPEAKER: I regret to interrupt, but the hon. member has exhausted his time.

Some hon. MEMBERS: Go ahead.

Mr. DEPUTY SPEAKER: With the unanimous consent of the house.

Mr. BROOKS: I thank hon. members for the courtesy that they have extended to me, as they have done to others.

It should be of no small consequence that a breach has been made in the wall of empire preference. For five years Canada has enjoyed substantial benefits from her trade with the empire. In fact, during the darkest days of the depression this preference was the salvation of the Canadian people. We found a market for our lumber, farm products and the products of other industries. This was recognized by the Prime Minister (Mr. Mackenzie King) in 1935, when, speaking of the agreement then before the House of Commons, he said:

> Let me say that the present administration when it began the negotiation of this agreement made it a matter of policy that nothing would be done in the agreement with the United States that would in any way affect any of the provisions of the Canada-United Kingdom agreements.

These were the words of the leader of a party who himself, with his supporters, fought for weeks to prevent the ratification of the Ottawa agreements.

The Prime Minister may have kept his promise in 1935, but in the 1938 treaty we find that the price which the Canadian people have had to pay is a paring down of the British preference on wheat, bacon, lumber, apples, pears, honey, leather, manufacturing goods and many other articles.

The great problems of this country are not such academic theories as the economic appeasement of the United States, but the

practical problems of unity of our own people in the Dominion of Canada and the solving of our unemployment problem. Does the Prime Minister think that we can have a happy and united people if we sacrifice the interest of our working men and farmers for the benefit of United States working men and farmers—those engaged in the production of coal, apples, and so on?

The burden of unemployment continues to bend the back and embitter the spirit of the Canadian people. It is our great problem—a baffling and terrible one. Can hon. members opposite claim that it is being solved by this treaty? I am satisfied when the full force of these concessions to the United States is felt, our difficulties in this connection will be greater than they were before. It is the coal miner of the United States who will receive more employment; the longshoremen of Boston and Baltimore, and not the port workers of Saint John and Halifax; the apple growers of the forty-one apple producing states of the United States and not those of Annapolis valley, Nova Scotia, or of the Okanagan valley of British Columbia.

Already there are many industries that are suffering and many men on the street who had worked before this treaty came into effect. The Prime Minister talks of economic appeasement. The United States, as I said in my previous remarks, is a great democratic country. She is interested in the protection of her democratic institutions, and the government are trying to make a patriotic issue of this treaty. This is the same government that refused to extend a friendly hand when England wanted to train airmen in Canada hardly a year ago, but instead gave them the cold shoulder. It is the same government which, while recognizing that England with her fleet is practically the sole defence to-day of the homes of our Canadian people should we be attacked, has not uttered one word of encouragement or sympathy in this house during the past three years in regard to the tremendous problems which the mother country is called upon to solve.

Mr. BRADETTE: On a question of privilege, Mr. Speaker, early this session I tried to quote from a newspaper article and I was stopped by the chair. I do not want to reflect upon any member but I maintain that a privilege enjoyed by one member should be extended to all. I should like to have your ruling. When I tried to quote from a newspaper I was stopped by every section of the house.

[Mr. Brooks.]

Mr. DEPUTY SPEAKER: The point is well taken, but it is also well known in this house that for some weeks hon. members have been permitted, rightly or wrongly, to read from newspapers.

Mr. G. W. McDONALD (Souris): The Minister of National Resources (Mr. Crerar) this afternoon very properly referred to the splendid position Canada had attained in world trade, not only on a per capita basis but from the standpoint of quantity and quality. Eighty per cent of that trade is with Great Britain and the United States, which two countries have been linked up in the trade treaty now before the house.

If there is one thing that this government should get credit for, surely it is its success in making trade treaties. I am sure the farmers of western Canada will appreciate the outlet that has been found for the commodities that we produce in such great quantities in this dominion. I know that the opposition to the treaty comes from protected interests, but I would remind those protected interests that even the largest industries in Canada must find a market for their goods beyond the boundaries of the country if they hope to attain any great success. That is true of agriculture, and it is certainly true of mining, lumbering and fishing. It must be true of any industry that hopes to capture its share of the markets in the world.

I am not an expert on trade matters, and so I will speak of this treaty as it applies to the part of the country from which I come. It has been suggested that in making a treaty with the United States any benefit we may receive in that direction we lose in the British market. Hon. members must not forget that Great Britain herself was in sympathy with us in entering into the treaty, and in fact requested it. In my opinion the people of western Canada particularly will be more than pleased with the results of the treaty. Take the cattle quota. The very fact that it was filled within one month should prove the popularity of the treaty. I have figures to show that on November 10, a few days before the treaty was announced, good killing steers in Winnipeg were selling at from $3.50 to $5.50 a hundred. On December 27, a few days before the treaty went into effect, prices had risen to from $4.25 to $6.25. In January they rose as high as from $5.25 to $7.25, or from $5.50 for top prices to $7.25, which is an advance of 1¾ cents a pound. Surely that is an advantage to the cattle growers of the country. I realize that there has been some recession since then, and at the present time

the advance is only about one half cent a pound, but that is still one cent higher than the price prior to the announcement of the treaty. By the first of April there is no doubt that prices will again advance, and it is not expected that the quotas will be filled so quickly in the three terms that are yet before us in the present year.

The hon. member for Qu'Appelle (Mr. Perley) tries to champion the cause of the farmers, and of course, he has no apologies to make for doing so, but I cannot understand why he should add his opposition to a treaty such as this. It will not gain him any support in western Canada. I suggest that if there is one thing that the people in the west have against the Liberal government, it is that they have not gone far enough in the reduction of duties. However, they have set their faces in the right direction. One-third of the people of this country get their livelihood from farming and two-thirds of the people are directly concerned with the success of agriculture. Why should it be the duty of this or any other government, therefore, to block the outlets for the produce of the country, with which two-thirds of the people are very directly concerned? That should not be the duty of the government.

As I say, I am not a tariff expert, and I do not make a study of these things. But I do not like to see any government too friendly with the tariff protected interests. It is not good for the country. The men that run big industry in this dominion need very little protection; they are well qualified to look after their own interests; it is the working men, the farmers, who have not very much of the good things of this life, who need protection. I hope our government will never become too friendly with the tariff experts. I have a suspicion that the tariff experts are altogether too friendly with the big industries of this country. I have nothing against big industry, and the farmers should not have anything against them, provided they are willing to stand on their own feet.

I know the western farmers have received and are receiving some protection in the form of a bonus on wheat. I am sorry the hon. member for Qu'Appelle (Mr. Perley) is not in his seat at the present time. He has said a great deal about wheat. But I want to put it to the fair-mindedness of hon. members and of the farmers of western Canada, or of all Canada for that matter: Which government exhibited the most courage—the Bennett government in September, 1935, after six years of the worst drought on the north American continent, both in our country and in the United States, facing an election, setting the guaranteed price of wheat at 87½ cents a bushel when the open market price was 82 cents; or this government in 1938, when wheat was 70 cents or less in the open market—I am sure that October wheat was less than 70 cents a bushel—facing the biggest world crop ever produced, and yet, being willing in face of those conditions, to set the price at 80 cents a bushel? I leave it to the fair judgment of the farmers of this country which government showed the most courage.

Mr. HOMUTH: But did you not have participating certificates with that?

Mr. McDONALD (Souris): What were they worth?

Mr. HOMUTH: What would they have been worth if the government had distributed the money?

Mr. McDONALD (Souris): That is a question which will be settled in the future. Some people say there is $20,000,000, some say $24,000,000, in the hands of this government. I hope they are right. In connection with durum wheat there were some millions of dollars in the hands of the government when the present administration took office. But the hon. member for Qu'Appelle was never able to induce the government of his party to give that money to the people of western Canada. This government had to do it. Any success that this country is ever going to have in making trade treaties will certainly come from a Liberal government or a government that is liberal-minded in that respect.

Much has been said about the press releases by Canada and by the United States. It is easy to see the inconsistency in the arguments of hon. members of the opposition. They say that the press release issued by this government is propaganda, ballyhoo; but they quote from the press release of the United States government to show what a fine treaty this is from the point of view of the United States. Both cannot be right. Surely it is fairer to say that the press release by each government was something in the nature of propaganda. That is quite natural.

I have referred to tariffs. I live in a small town within twelve miles of the United States border. This very year I know one family of three boys who had about 10,000 bushels of renown wheat. One day they got in their car, went across to North Dakota and sold that wheat there for seed grain at $1.10 a bushel. Those boys saved this government over $2,000 by way of wheat bonus.

United States cattle buyers come to our town, pick up all kinds of cattle and give our farmers a better price than they can get in Canada, because two outlets are better than one. True, our United States friends are getting pretty cute; it is said they are too cute for us. They are clever; we have to admit that. But still it is another outlet and we get better prices than we otherwise would.

I have known them to come over to buy flour. When flour was high in the United States, the flour men in our town sold carload after carload to our United States friends. They buy woollen goods in the same way. I knew one man who came over last year to buy a carload of lumber and he said he saved $17 a thousand feet. Surely that is good for Canadian workmen. Our hon. friends to the left say that unless you raise the tariff Canadian workmen are put out of business. Mr. Speaker, Canadian workmen will never be idle if the trade activities of this country are developed.

I should like to quote a few figures to show that this government has dealt more fairly with Great Britain than have our Conservative friends. I take the percentages of trade. In 1926 our exports to Great Britain were 38·5 per cent of our total exports, and our exports to the United States amounted to 36·4 per cent. Six years later, when the Bennett government was in office, our exports to Great Britain were only 29 per cent, a drop of 9·5 per cent. I admit there was some reason for that; there was a depression; wheat had not the same value it had in 1926. We should be fair about these things. But our exports to the United States had risen to 42·9 per cent of the total.

In 1937, with a Liberal government again in office, we sent to Great Britain 38·4 per cent of our total exports, back to the 1926 figures. But our exports to the United States were down 1·9 per cent to 41 per cent.

Much has been said about the recession of 1938. There was some recession. Here are the figures for that year. To Great Britain our exports were 38.2 per cent, down just two-tenths of one per cent. To the United States they were 39·6 per cent, or down 1·6 per cent. The drop in our exports to the United States was just a little greater than the drop in those to Great Britain.

Let us take imports. This is the point that hurts our Conservative friends. In 1926, 17·6 per cent of our imports came from Great Britain, and 65·6 per cent from the United States; a large amount, I admit. But with what country in the world should we do more business than the United States? Their way of life is similar to ours; we live side by side, transportation costs must of necessity be less; it is the most natural thing in the world for us to deal with them. Let us come to 1932. In that year 18·4 per cent of our imports came from Great Britain, while the proportion from the United States dropped to 60·8 per cent. In 1937, under Liberal rule, 19·3 per cent of our imports came from Great Britain, and 58·7 per cent from the United States, the latter percentage being down 2·1 per cent. Then we come to 1938, when the percentage from Great Britain was down a little, to 18·2 per cent, and from the United States the proportion had risen to 61 per cent. But on the whole these figures prove that the Liberals have been more consistent in their dealings with Great Britain than have our Conservative friends.

Much has been said about potatoes. They are not an important product in our part of the country, but I remember a time not five years distant when the people of Manitoba were petitioning their provincial government to petition this government to take the duty off potatoes in order that we might get potatoes from the eastern part of North Dakota where they had a good crop. In our part of the country potatoes were selling for $1.25, and we think it is a pretty big price when they command over 50 cents.

My predecessor from the constituency of Souris made a great fuss about inducing the federal government to put a duty on corn, so that we might feed our own barley. I am here to say that barley never dropped to such low prices as it did in 1931, 1932, 1933 and 1934. In our part of the country barley and oats were so cheap that it paid us to burn them in the furnace rather than buy coal. I know there is a saying which goes, "Wilful waste makes woeful want," and that certainly was the case in Canada. I do not think we had any business burning oats and barley; I do not think they were made for that purpose, but our people could get practically nothing for them. Day after day I listened to radio broadcasts quoting five cents a bushel as the street price for oats, when the freight rate was 25 cents per 100 pounds, while seven and eight cents a bushel were offered for barley. That was under the Bennett regime. Surely everyone knows these commodities cannot be grown at such low prices. But my hon. friend from Qu'Appelle will say that this government scuttled the wheat pool and sold the farmers of western Canada to the grain

exchange. I ask him why his government let wheat go as low as 38½ cents a bushel at Fort William.

Tariffs will do funny things, and I should like to illustrate that by something I think I mentioned once before in this house. As I have said, my predecessor induced the government of the day to put a duty against United States corn. It was reported on good authority that a carload of United States corn, passing down the St. Lawrence river en route to some European port, passed a carload of corn from South Africa bound for Canada. Corn was cheap in the United States; but our tariff was so high that we could not import it; we had to send to South Africa for it, while we let our United States friends send their corn to Europe. Will anyone say that trade, conducted along the right lines, does not tend towards friendship, or that the reverse is not equally true?

Much has been said against this treaty. It has been made light of; we have been told that it will not help the cause of peace in any way. The other day an hon. member on the other side of the house very properly said that trade between individuals tends towards friendship, and that is equally true in respect to nations because nations are no different from individuals. Surely if there is one thing more than another that we should try to do, living side by side with the United States, it is to improve our trading position. If we are able to do business more freely than has been the case in the past, I do not think we need worry about the future with regard to relations between our two countries.

I think this government is to be congratulated upon having consummated so many trade treaties. We must secure outlets for our goods; we cannot pile them up. As I have already said, I am sure this government is not going to turn down any possibility of increasing the trade of Canada, and when we increase trade we will reduce unemployment, which can be reduced in no other way. The United States has poured billions of dollars into public works, but it has more unemployment now than it ever had. The problem cannot be solved in that way. I am sorry there are so many unemployed in this country. I should like to see our government do just a little bit more for them, but possibly they are trying to avoid the mistakes made by our neighbours to the south. I know, however, the people of Canada will not condemn the government for trying to increase the good effects of the treaty which they negotiated in 1935.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, I agree with what was said by my hon. friend from Camrose (Mr. Marshall). I intend to vote for this treaty; but I wish to protest in the strongest possible terms against the idea which I have heard expressed by so many in this house, that free trade or a lowering of the tariff or any manipulation of the tariff can cure the economic ills from which Canada, as well as the rest of the civilized world, is suffering at the present time. During the election campaign the present Prime Minister (Mr. Mackenzie King) promised monetary reform, but beyond a change in the ownership of the central bank our financial policy has not been altered in the least. And to hold out this trade treaty as a cure for unemployment and all the other economic troubles with which we are faced can only be described, I think, as the grossest fraud and deception.

While sitting in my place here I have heard a great deal about free trade from hon. members on the opposite side. Perhaps I have the advantage over many of them, because I know what free trade is, having been brought up in a free trade country. I am not going into a long discussion as to the merits of free trade or protection. I think the best proof of what we, in this corner say, is the fact that free trade, and the party which sponsored it in England, no longer exist. The Liberals in Canada, it seems to me, have the advantage of talking free trade but administering the country under protection. I do not say that either protection or free trade would solve our economic problems; I do not say that either protection or free trade is the cause of our troubles. They are, in fact, an effect and not a cause. I heard one hon. member opposite put the blame for the depression on the tariff policy of Mr. Bennett and his government. It is absolutely inconceivable to me that such a statement could be made in this house. Beyond any quibbling at all, beyond any doubt whatever, the cause of our economic troubles is financial—and one does not have to take the word of social crediters for that. It is a fact, and I think it is generally acknowledged to be a fact, that our troubles are financial, and that nothing short of a complete and fundamental change in the financial set-up of the country will bring about any permanent or real cure for our economic troubles.

If free trade is the solution, as we have been told, I would ask Liberal members to explain, if they can, why it is that in the United States, where among the different states there is complete free trade and an

absolute parity of exchange, the people of New York cannot do business with the people of California. The other day I saw a photograph of a pile of oranges as big as this building, which had been dumped on the ground. There is no tariff to keep those oranges out of the state of New York. Why do these two states not do business? The reason lies in the faulty financial system which piles up debts and prices faster than it generates purchasing power to consume what it produces.

I was brought up in England, and I have been familiar with conditions in Great Britain under free trade. Whether or not the blame is put on free trade, the fact remains that it was under free trade that the slums of England were built. If free trade did not cause the slums it certainly did not prevent them. There is no argument against that. I will answer any question on the point, because questions do not worry me in the slightest, and I do not wish to make statements capable of successful contradiction.

This week I received from an advertising agency a circular calling attention to the fact that there were so many millions of pounds of butter piling up in Canada and that if we did not get rid of the surplus by shipping it out of the country the price of butter would drop to ruinous levels. I undertake to say that if one were to go into ninety per cent of the homes in Canada he would hear the mother or father say to the children eating their suppers: "Now, kids, go easy on the butter; it is thirty cents a pound." I say that not one pound of butter should be exported from Canada until every man, woman and child has all the butter he or she can poke down his or her throat. They should have all the butter they need and all they can possibly use before we should consider exporting a pound of it. We hear about the exportation of apples. How many homes in Canada are supplied with all the apples they need this winter?

Another thing which always strikes me as being the height of absurdity is to talk about a favourable balance of trade. I should like to have explained to me how a country can be said to be enjoying a favourable balance of trade when that expression implies that the country is exporting more of its real wealth than it is receiving in exchange. How can that be a favourable balance of trade? Then, if it is the other way round, and if we are lucky enough to receive more than we export we are said to have an unfavourable balance of trade. Why, the terms are surely contradictory; I cannot see any other explanation.

We are told that freer trade is the way to peace. I do not think that is so at all. When I lived in England before the great war I was a grown man, and anyone in England in the period from the Boer war to the great war who took an interest in public affairs and gave expression to them would have said that war between Germany and England was only a matter of time. It was supposed that those two countries lived on their exports. I do not know how they would live on exports, but that is what we were told; because they lived on their exports there was not room for Germany and England in the markets of the world, and war had to come. And it did. That view was endorsed by President Wilson after the war. He said that the great war was not a political war, but a commercial war waged to secured the markets of the world.

I should like to say a few words with respect to unemployment and its relation to foreign trade. If foreign trade is to be successful we must under-cut our foreign competitors. The only way, or at least the main way, to under-cut or under-sell a competitor is to decrease either the rates of wages or the numbers of men employed. Let us take for example my own business of wheat farming. When I first went to western Canada the farmers used to employ 60,000 or 70,000 harvesters each fall. Now each man does his own harvesting. One man runs a tractor, and cuts and threshes his crop without any help at all. How can he compete in the markets of the world, unless he attempts to cut down his expense? The chief way of cutting expenses is to cut labour costs; I do not know of any other way.

Economic nationalism has been spoken of as though it were a sin. But what are we told? What does any farmer learn after a lifetime of farming? What is he taught—if it is not to produce everything he possibly can for himself, and only trade what he cannot use for what he cannot possibly raise? That is economic nationalism, and surely it is nothing but common sense.

Hon. members in this group are not opposed to trade, but we are opposed to trade for trade's sake. We cannot see the sense of trading merely for the sake of trading. We believe every country should produce as much as it can, and export only what it cannot consume in exchange for what it cannot produce. Surely that is common sense. I believe, if every country did that, and minded its own business, there would be a great deal less danger of war than there is to-day.

I happen to be an Englishman, and as such I believe I know pretty well what Englishmen

think. If any hon. member thinks that the English farmer is endeared to his colonial brethren by the dumping of their goods on his market—well, that person does not know very much about the English farmer.

The Australian and English cricket matches have done more to bring about goodwill between those two countries than any trade treaty that could be signed. I believe, if we could meet the old country more often in games such as football and cricket, it would bring about a better feeling than could be brought about by all the trade treaties that ever will be signed.

Germany has gone so far as to export part of its population. It is dumping its Jews on the markets of the world in exchange for goods. That is the logical end of this insanity of "free trade". Those that are not wanted are to be dumped on the other countries; they are to be held up for ransom. The other countries are being told; You will either take them or pay us in goods.

The London *Times* cannot be accused of sensationalism, but last Christmas it contained columns of advertisements by clergymen and other people asking for coal. It was said there were thousands and thousands of poor people in London and elsewhere who, it was felt, should have fires in their grates, at least on Christmas day. Will anyone say that because France or some other country reduces its imports of British coal, therefore the British people should go without coal? Why is it that there are tens of thousands of people in London and other centres without fires in their grates, when in Wales there are tens of thousands of miners out of work because the mines are idle? If it could be said that there was no coal, that it must be imported, it would be a different matter, but they cannot say that. There is nothing in the world to prevent the British people from supplying themselves with their own coal; but I suppose they will have to wait until some coal can be sent to Canada, and then they may be able to get some for themselves from Russia. That will be so much more convenient.

I have contended that our economic troubles are financial and not brought about because of lack of free trade. I am going to quote, not a social crediter, but Mr. R. G. Hawtrey, the secretary of the British treasury. In a publication entitled, The Art of Central Banking, he says:

> The common factor in pre-war, and post-war, experience is the intimate association of the state of trade with the enlargements and compressions of consumers' income and outlay effected by central banks. If this fundamental causal sequence were understood, the public would hardly acquiesce in the central banks proceeding from their position of complacent detachment to generate depressions, unemployment, bankruptcy, budget deficits and defaults, with all the resulting political and social convulsions while government after government is broken because it can neither stem the flood of ruin nor even provide tolerable palliatives to alleviate the consequences.

I certainly think the words of that gentleman are worthy of the respect of anyone in this house. If he does not know what he is talking about, then I do not know who does.

Here is one point which so far does not seem to have been discussed. The world to-day faces a situation which has never existed before, in that a fraction of the people are able to produce the necessities of life for everyone. That is the fundamental fact which we are up against; it is a problem which will not be solved by juggling tariffs or trying to dispose of what we cannot consume by exporting it to a country which cannot consume what it has produced itself. This condition was forced upon my attention when I was farming. I soon came to realize that if I raised a good crop, then there would not be any price. If there was a good price, then there was no crop. It should be obvious to everyone that if we are to be penalized for producing plenty, then we must be condemned to scarcity forever.

We heard of how they ploughed up the cotton in the United States. Even the mules had more sense because they had to be trained before they would do it. It cannot be said that cotton was not needed, because half the working men in the United States were going round with patches on their pants. I would not like to say that half their wives were not going round branded with "Ogilvie's flour," or something of the kind. In the United States they are actually paying people not to produce. They are endeavouring to reduce the amount of goods produced down to a limited supply of money. I think it was Henry Ford who said that to-day we produce goods in order to buy money, whereas we should be producing money in order to buy goods. Money is kept scarce because, like wheat or anything else, when it is plentiful it is not worth anything. In order to keep up the interest rates, money is being artificially curtailed. Interest is the core of our trouble. This country and the people in it are being sacrificed in order to keep up the interest rates. Scarce money, what they call sound money—

Mr. HOMUTH: It is getting scarcer.

Mr. JAQUES: Yes. In order to conform to a scarcity of money, there must be a scarcity of goods. As soon as people become at all enterprising in the production of goods, they are penalized with ruinous prices for what they have produced. Nothing but a fundamental change in our financial sytem will alter this condition. We in this group believe that a physical possibility should be made financially possible, but apparently the rest of the house thinks that only what is financially desirable shall be physically possible. There is the difference, I think, between the ideas of this group and the ideas of our opponents.

As I said, the right hon. the Prime Minister promised before or during the election that he would issue currency and credit in terms of public need. Of course, I know that idea is ridiculed here. We have been told that we know less about money than anybody on God's green earth. But that does not worry us. We knew this, which the house did not know, that the banks created money, and I believe we can claim it was on account of our statements in this corner of the house that for the first time, I think, in history a responsible minister of the crown has put into the parliamentary records the correct facts of exactly how money is created.

Mr. TAYLOR (Nanaimo): Not quite correct.

Mr. DUNNING: If the hon. member is referring to me, I suggest that he state the facts correctly.

Mr. JAQUES: The minister is quite capable of putting the facts himself. I could not improve on his statement, but even the prestige of the Minister of Finance (Mr. Dunning) is not sufficient to convert a number of members of this house. Some of them are still skeptical as to where money comes from exactly, and where it goes to.

Mr. MacINNIS: Have you converted the Minister of Finance?

Mr. JAQUES: That is the inference I draw, yes.

Mr. DUNNING: I am afraid we have a different view of the same set of facts.

Mr. JAQUES: Then we agree to differ.

I should like to say, if I am in order, that since all money is created by the banks, then all money is a debt; that being the case, the only money we shall ever have with which to pay our debts is another debt, and if all debts are paid then there would not be any money. I am perfectly willing to stand by those statements, and I shall be interested if any member of the house can disprove them.

[Mr. Homuth.]

Furthermore, since no money ever gets into circulation except as a debt, with an interest charge, it follows that debt must increase, and it is increasing and will continue to increase. I believe that the classic example of a real estate deal was the sale of the island of Manhattan somewhere around 1600 for some thirty or forty dollars. That has been regarded generally as the greatest real estate bargain that was ever made. But I believe I am correct when I say it has been calculated that if the man who bought the island had invested an equivalent amount of money at compound interest, then by to-day he would be able to buy up not only the city of New York but the whole state of New York. That shows the absurdity of thinking we can ever pay our debts under a system of debt money and interest. It is out of the question.

In conclusion, I should like to refer to the statement of the hon. leader of the opposition (Mr. Manion) that if conditions which exist to-day not only in Canada but elsewhere are not righted, he would not give parliament another twenty years of life. I myself, in my humble way, would not go as far as twenty years. It is not a question of the life of any party, Liberal or Conservative; that is a matter of no great importance; but it is parliament itself which is at stake. I absolutely agree with the hon. leader of the opposition when he says that he would not give parliament another twenty years of life if it cannot bring about the results which the people of Canada want, and—here I have the advantage over hon. ministers because wherever they go they are known while I am not known, and people always talk more freely when they do not know who is listening—what the people of Canada want more than anything else is economic security and the freedom to enjoy it. They must have security, and if in the end they cannot get economic security with freedom, they will have it without—and that means dictatorship.

Mr. DUNNING: Does my hon. friend think economic security without freedom is possible as a permanent condition?

Mr. JAQUES: Yes.

Mr. DUNNING: Economic security without freedom as a permanent condition?

Mr. JAQUES: Yes, and I should say that is the condition of the vast majority of the civilized world to-day. So-called freedom lingers on here in Canada. We have political freedom, but we certainly do not have economic security. In Germany they have economic security but not political freedom.

Mr. DUNNING: No.

Mr. JAQUES: I would say that a man in gaol has economic security. He knows that to-morrow he will have his work, his meals and his bed, which is more than a great number of Canadians know. Men have said that if they could break a window and get into gaol they would at least be secure.

Mr. SPEAKER: It being six o'clock—

Mr. JAQUES: May I have just one minute more, Mr. Speaker?

In conclusion, I would say that unless parliament itself, not this particular parliament but the institution of parliamentary government, can bring better results, then its days are numbered within the next ten or fifteen years, and parliament as an institution is doomed. Whether hon. members agree with me I do not know, but that is my opinion and it is one I have formed after pretty wide travel and inquiry from one side of Canada to the other.

Mr. DUNNING: What would the hon. member put in its place?

Mr. JAQUES: It is not for me to tell this government how to do it, but somehow or another we must bring economic security to the people of Canada and at the same time retain our freedom. If we do not do this, then they will demand security without freedom, and that is dictatorship in some form or another.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

LORD'S DAY ACT

PENALTY FOR OFFICERS AND DIRECTORS PERMITTING VIOLATION OF THE ACT

Mr. H. E. BRUNELLE (Champlain) moved the second reading of Bill No. 7, to amend the Lord's Day Act.

He said: Supported as I am by La Ligue du Dimanche, by the great majority of the citizens of the province of Quebec, by countless societies and labour unions, and also by the Lord's Day Alliance, I feel it my duty to bring again before this house an amendment to the Lord's Day Act similar to the one which was adopted by the house last year. It will be remembered that my bill of last year purported solely to increase the penalties under the Lord's Day Act in order, to use a common expression, to give teeth to that law. The reasons for the amendment I moved last year still hold good, and it is not my intention to repeat them to-night.

It was in the senate that the bill received its death-blow. When it came back from that body there was nothing left of its original tenor; it was changed from beginning to end. The senate pretended to have adequately amended the Lord's Day Act by increasing the maximum fines and leaving the minimum fines practically as they were before. But, as all corporations have the means to prepare the strongest legal defences, it follows that nothing but minimum fines would, in most instances, be imposed and the violation of the law would continue. It was inconsistent for those in the other place to say that no corporations were violating the law, and at the same time to pretend to impose more severe sanctions. On the other hand, if there is, as is alleged, no violation of the Lord's Day Act, why should there be any fear of stricter sanctions?

My bill purports solely to give to our courts the discretionary power to impose gaol sentences upon those who make their employees work on Sundays. Let me read the amendment:

> Section 14 of the Lord's Day Act, chapter 123 of the Revised Statutes of Canada, 1927, is amended by adding thereto the following subsection:
>
> (2) Any person, being a director, an officer, a superintendent or an employee of a corporation, to whose direction or orders any employee is by the terms or conditions of his employment bound to conform, who authorizes or directs any such last mentioned employee of that corporation to carry on any part of the business of the corporation in violation of any of the provisions of this act, shall be liable, on summary conviction before two justices of the peace, to similar penalties to those to which a corporation is liable under subsection 1 of this section, or for a first offence, to imprisonment for a term not exceeding three months and not less than one month, with or without hard labour, and for each subsequent offence, to imprisonment for a term not exceeding six months and not less than two months, with or without hard labour.

An amendment which only increases the minimum fine is, in my opinion, a fool-trap. In fact, the hon. senator for Parkdale made the following statement as to last year's amendment by the senate:

> I regard the amendment as merely a wooden gun with which to do some hunting. I think it is absolutely useless for the purpose of accomplishing what all hon. members of the committee desire, that is, to prevent unnecessary work on Sunday, which has prevailed in certain parts of the country.

He continued:

> It seems to me that every time an important measure comes up here which contemplates the protection of the less fortunate members

of Canada's society we devote our entire attention to the question whether we may not be doing an injustice to somebody higher up in the Canadian social scale. Personally, I think it is wrong. I think this provision is entirely useless, and simply amounts to the hunting of violators of the Lord's Day Act with a wooden gun.

Since the only objections came from the other chamber last year, it is my duty to confine my remarks to those objections. Imaginary fears and impossible dangers of all sorts were alleged as arguments against the bill which I introduced last year and which I reintroduce now. Let me refute those arguments by stating that we all know and admit that some works or operations of continuous process can be done on Sunday. Some one brought out as an objection to my bill that certain operations of continuous process compelled some plants to operate on Sunday, and concluded that, if my amendment were passed, the directors of those particular corporations or plants would be liable to imprisonment.

Before raising such a futile and frivolous objection, one should take pains to read the law as it now stands. The Lord's Day Act permits the following work to be done on Sunday. Section 11, paragraph (d), provides:

> Starting or maintaining fires, making repairs to furnaces, and repairs in cases of emergency, and doing any other work when such fires, repairs, or work are essential to any industry or industrial process of such a continuous nature that it cannot be stopped without serious injury to such industry, or its product or to the plant or property used in such process.

My amendment does not restrict this exception. Some one else objected to my amendment because certain industries, such as the canning industry, must occasionally operate on Sunday, and said that my bill would render the directors of such industries liable to imprisonment for having done nothing but urgent work. Perhaps that objector should in the first place have read paragraphs (e), (m) and (w) of section 11 of the Lord's Day Act, which permit the following works on Sunday. Paragraph (m) refers to perishable products which would apply to the canning industry, and it reads:

> (m) The caring for milk, cheese, and live animals and the unloading of and caring for perishable products and live animals, arriving at any point during the Lord's day.

Paragraph (w) reads:

> (w) Any unavoidable work on the Lord's day to save property in cases of emergency, or where such property is in imminent danger of destruction or serious injury.

[Mr. Brunelle.]

And paragraph (e) reads:

> (e) Starting or maintaining fires, and ventilating, hunting out and inspecting mines, when any such work is essential to the protection of property, life or health.

These exceptions do not cover the whole ground; section 11 itself makes provision for others. Section 11 reads:

> Notwithstanding anything herein contained, any person may on the Lord's day do any work of necessity or mercy, and for greater certainty, but not so as to restrict the ordinary meaning of the expression "work of necessity or mercy," it is hereby declared that it shall be deemed to include the following classes of work.

There are exceptions particularly mentioned, but there may be others according to the circumstances of each case. On the other hand, ample protection to all is accorded from other sources.

In the first place, the provision for imprisonment mentioned in my bill is only an alternative; the courts would be free to impose the same penalties as before if they thought fit. In the second place, the attorney general for each province cannot fail to look into the circumstances of each case before a prosecution is started. We all know that instructions to prosecute for violations of the Lord's Day Act must come from the attorney general of the province in which the offence occurs. I refer to section 16 of the act:

> No action or prosecution for a violation of this act shall be commenced without the leave of the attorney general for the province in which the offence is alleged to have been committed, nor after the expiration of sixty days from the time of the commission of the alleged offence.

In the third place, our courts are fair and equitable, and they would always take into consideration whatever extenuating circumstances might be alleged in favour of those who find it urgent and necessary to work on Sunday.

In reality, if my amendment were accepted, directors or officers of corporations need do only one simple thing to protect themselves; let them definitely and officially notify their superintendents or managers not to do on Sunday any work which is forbidden by the Lord's Day Act, and then there would be no more violations of the law. If there be violations, I submit that directors or officers of corporations, who often are away from the scene of operation of their plants, having given this notice, would have a good defence to any action started against them. Undoubtedly some plants operate on Sunday in violation of the act. Again and again I have seen workmen passing in front of my house on Sundays with their lunch boxes, on their

way to the mill to do some work which I know is not urgent. Some transport companies send their trucks out to work on Sundays in violation of the Lord's Day Act, and I am sure some stores and places of business do business on Sunday in violation of the provisions of that act.

I am not a fanatic; I am not moved by excessive religious zeal. Some provincial authorities have the monopoly of such extravagant virtues; I do not want to be a competitor with them in that field. I do not want to do harm to the directors or officers of our corporations, to those who may be innocent or who violate the law in good faith. What I do want is that the penalties under the Lord's Day Act should reach those particular directors or officers who, through indifference or lack of respect for the Christian views of their workmen, do not hesitate to set them to work on Sunday. That is all I want. My humble opinion is that the penalties at present set forth in the Lord's Day Act are not a sufficient deterrent.

The amendment which was made to my bill of last year created an injustice. These corporation plants are built and run with money subscribed by shareholders and bondholders, and it is wrong that directors or officers who allow the law to be violated, should, instead of being personally liable to the penalty, make the funds of the corporation liable. Those funds belong to the bondholders or shareholders, who are not responsible for violations of the law. Those who are responsible should be personally punished.

It is not my intention to say any more, because this bill is identical with that unanimously adopted by this house last year.

Mr. DANIEL McIVOR (Fort William): I congratulate the hon. member for Champlain (Mr. Brunelle) upon his persistence. We should expect from an hon. member in this corner of the house, that when he is right and is beaten back once, he should, like the Ottawa Senators hockey team, go right at it again to score before the game is over.

The reasons why I seconded this motion are, first, that violation of the Lord's Day Act is a breaking of the moral law; second that it is breaking the law of fair play; and third, that it is breaking the law of the land. The moral law is, "Remember the Sabbath day to keep it holy." The Right Hon. Ramsey MacDonald said that a nation that respects one day in seven to rest from toil and worship the Almighty will find this a great bulwark in the upbuilding of manhood in that nation. We cannot break the moral law and not suffer for it; as someone has said, "If we break the moral law, the moral law will break us."

There is in the act a safeguard permitting works of necessity and mercy. But, like my hon. friend, I know of very many instances where men have had to do on Sunday work which was neither necessary nor a work of mercy, but a work of graft. I should not say graft, but it was work in which the toiler was not considered in any way.

Another reason why I support this bill is that if more men were employed there would be less need for Sunday work, and therefore it would be in a small way a cure for unemployment. When we see men carrying their dinner pails and going to work on Sunday while they see other people released from their toil and going to places of worship where they receive some inspiration, encouragement and instruction, it tends to create a sense of defeat in them, and it is not fair. Those of us who were brought up in homes where we were taught to do our daily toil in six days of the week and to be ready on Sunday for rest and worship, feel that working seven days a week is not fair play.

The hon. member says he is not a fanatic with set views on religion. I have some set views. One such view is that there must be a definite standard, and that standard is the Master Workman of Galilee. When we were engaged on construction work, the plumb-line was the standard; if the building did not conform to that plumb-line, it had to be pulled down and built straight. When we test our conduct by the example of the Master Workman of Galilee, then the Sabbath day will have its rightful place.

Mr. RODOLPHE LEDUC (Wright) (Translation): Mr. Speaker, I wish to congratulate the hon. member for Champlain (Mr. Brunelle) on his courage and persistency in introducing for the third time a bill to amend the Lord's Day Act. I am fully in favour of this amendment. Indeed, it is high time we should stop the practice of companies making their employees work unnecessarily and without pressing need on Sundays. By this amendment not only will such companies be subject to a fine, but their directors and managers will also be liable to fine and imprisonment.

I look forward to the day when my province will have an attorney general who, conscious of his responsibilities, will enforce the Lord's Day Act as it should be and is enforced in many other provinces of this dominion.

It is well known that the Lord's Day Act is violated more generally in Quebec than in any other province, and I know that the provincial government is responsible for that state of affairs. To my mind, my hon. friend's bill does not go far enough. It should provide

for the punishment not only of company directors but also of federal and provincial ministers who make civil servants work on Sundays without absolute necessity.

I recall a violation of the Lord's Day Act which occurred in my village of Maniwaki on January 15 last, on the eve of the municipal election, and which scandalized a large number of people. On that day an official of the Department of Labour came to distribute cheques issued in payment of wages earned on relief work. The people were shocked at this action of a provincial employee, for they believe that the provincial government should set the example to local companies which at times force their employees to work on Sunday. I communicated the facts to the department concerned, but so far I have received no satisfactory answer from the minister.

I hope the hon. member's bill will be agreed to unanimously and that we shall soon be able to proclaim with pride that Catholic Quebec is showing the way to the entire dominion in the matter of Sunday observance.

Mr. W. R. McDONALD (Pontiac): Mr. Speaker, the measure before the house this evening is the same measure which was introduced last year by the hon. member for Champlain (Mr. Brunelle), which passed this house unanimously and was considered in the senate, where an amendment was made which was not acceptable to this house, and as a consequence that measure did not become law. I take second place to no one in my desire to see the Sunday observance laws duly obeyed in Quebec as well as in the other provinces of Canada. I recognize the fact that the amendment submitted by the hon. member for Champlain this evening provides only an additional penalty and does not add to or detract from the present exceptions under what are known as works of mercy or necessity. Unfortunately, in connection with these exceptions, it has not been made quite clear just what works may be permitted, and I find that the great mining industry in the northern part of my constituency, which, because of these exceptions, considered itself immune to persecution, has been subjected to persecution by an over-zealous inspector of the provincial government, who is absolutely ignorant of the real nature of his duties.

As an indication of the desire of the mining industry in the northern part of my constituency to comply with this act, I shall take time to read the conditions or rules submitted by the mining association to each mining company in my constituency, and I think, after I have read these rules, any fair-minded man will agree that the mining industry is doing its best to see that the law is not violated. I have before me a memorandum addressed to members of the Western Quebec Mine Managers' Association, the president of which is the general manager of the Noranda Mines at Noranda. In this memorandum to the respective managers of these mines the association outlines the different works it considers to be absolutely necessary, and its asks all mine managers and employees to comply strictly with these exceptions, as follows:

1. Operation of cyanide mills, flotation mills, roasting and smelting plants. (Continuous processes which cannot be interrupted.)

2. Mine pumping and the pumping of water for plant and domestic use.

3. Inspection and repairs of operating shafts.

4. Operation of fans or compressors for ventilating mine workings.

5. Repairs to plant and equipment that cannot be done during week days without seriously interfering with the safe and necessary economical operation of the plant.

6. Maintaining essential services, such as boarding houses, heating and lighting, watchmen and police, and similar requirements for the well being of the community.

7. In connection with underground pumping and the maintenance of shafts and underground equipment, it is obvious that one or more hoisting engines would generally have to be operated intermittently on Sunday to raise or lower men or materials.

8. Where crushing is done underground and where it is impracticable to store sufficient ore on surface to carry a mill or smelter over Sunday, it should be permissible, as an emergency measure, to hoist sufficient ore on Sundays to ensure the necessary continuous operation of mill or smelter, but every effort should be made to keep such work to a minimum.

9. Shaft sinking operations should only be done on Sundays where bad ground or a heavy inflow of water makes it unsafe to interrupt such operations on Sundays.

I want to direct particular attention to the next paragraph:

10. To prevent over-zealous subordinates from violating the spirit of the above code, we suggest that a copy or copies of this memorandum be kept posted in a conspicuous place at every mining property and that every department head or foreman be instructed to get special authorization from the manager or other person in charge before undertaking any work on Sunday other than the usual continuous operations mentioned above and routine repairs and maintenance.

They conclude with this:

While the association does not wish to presume to interpret any laws now existing, or which may hereafter be enacted, and can take no responsibility for the legal position of any members resulting from the observance of the

above code, we believe that the above listed operations are works of necessity or mercy, and feel that if every effort is made to adhere to this code the mining industry can expect a friendly cooperation from the public and the authorities who are charged with the responsibility of ensuring the proper observation of Sunday.

That indicates the attitude of the mining men in the association towards Sunday labour in their industry. Notwithstanding that fact, and that they have clearly outlined to inspectors and others that such is their attitude, five charges have been laid against them for non-compliance with the act. Apparently the attorney general of the province, as is within his right, has approved the institution of these actions. To date, however, not one of them has come before the courts, so that the mining companies still have the axe suspended over their heads.

Corresponding recently with the association, I suggested that probably an amendment to the law should be made under the provisions of "works of necessity," so as more clearly to define such works as applied to the mining industry. The reply of the president to my suggestion is as follows:

> There are a number of specific operations given in the Lord's Day Act as illustrations of what could be construed as "works of necessity and mercy," but I think it is generally understood that these specific operations were only given as illustrations and I don't see any point to increasing the number of illustrations, because it would be impossible to cover all operations that were necessary as "works of necessity and mercy" and if too many specific acts were mentioned, it might give the impression that it would be lawful to do only such specific operations as were specifically mentioned in the act.

That is the position in which the mining industry finds itself to-day under the act, whereby an over-zealous inspector, ignorant of his duties, may enter prosecutions against them.

As I said a little while ago, it is true that the amendment proposed by the hon. member for Champlain has no bearing whatsoever upon that particular phase of the act. But it has the bearing that the companies feel to-day they are under suspicion of the authorities of our province. While to-day they are subject to a fine, if this amendment were to be accepted and became law they would be liable to be thrown into prison, and to that feature they take decided exception.

May I place before the house a further paragraph from the communication I received from the president of the association, in which he gives his opinion as to what he believes would be fitting punishment under the law. He suggests an increased fine, and his words are as follows:

> The objection we have to Mr. Brunelle's amendment is that while we expect and intend to obey both the letter and spirit of the law, from our recent experience we know that an inspector who does not know anything about mining and, therefore, what constitutes "work of necessity or mercy" at a mine, may come in and lay a charge and then a summons is served and . . . the mine manager may then be thrown into gaol because of a misunderstanding or difference of opinion as to the interpretation of the law. He might, of course, appeal and ultimately win his case, but in the meantime he would be subjected to the stigma of a lawbreaker and a criminal and we do not believe that it is necessary to do this in order to ensure proper respect for and observance of the Lord's Day Act. We contend that the present system of fines is sufficient to ensure proper observance of the act and if the fine is not sufficiently high, it could be increased for each succeeding conviction until it was sufficiently high to deter the most indifferent and insolent manager or company.

There, again, is a statement of the views of these men regarding the law. It indicates their intent to observe it, but their opposition to a penalty of imprisonment.

I should like to have it noted that in the action taken by the inspector against these mining companies, the company and the manager in each instance were summonsed, although the present act refers to any mining company, or any company, and does not refer to the manager. I believe my interpretation of section 14 is correct.

I would suggest, therefore, that the hon. member for Champlain ought to bear in mind the debate which took place last year in the senate, and which I read very closely. One senator defending the amendment, who came from a district in which the hon. member's constituency is located, when asked to state the name of some important company or companies which were violating the law, was unable to make reply or to name one company.

I know the hon. member for Champlain has, in certain instances, good grounds for seeking the amendment. My contention, however, is that the amendment goes too far, and in terminating my observations I would ask him again seriously to consider the suggestion made, namely to provide for an increased fine rather than a term of imprisonment.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, when a similar bill was before the house last year, I supported it. I have had no reason to change my views in the meantime, and therefore I support the present measure. There can be no doubt that

there have been many abuses of the Lord's Day Act, and strong corporations could easily avoid its prescriptions by paying a penalty when they were brought to court and then proceeding in the same way afterwards.

The bill now before the house would certainly make the law more strict and would have the effect of compelling those who have something to do with such corporations to observe the law. I have great sympathy with much of what has been said by the hon. member for Pontiac (Mr. McDonald); but may I say that if the exceptions mentioned in the act, chapter 123 of the revised statutes, are not sufficient to cover the instances he has mentioned—and I have no doubt the mining companies to which he has referred want to do what is just and fair—the remedy would be to add something to the law with regard to those exceptions. But I am not sure that they would be needed because section 11 of the Lord's Day Act is quite broad. The first paragraph reads:

> Notwithstanding anything herein contained, any person may on the Lord's day do any work of necessity or mercy, and for greater certainty, but not so as to restrict the ordinary meaning of the expression "work of necessity or mercy," it is hereby declared that it shall be deemed to include the following classes of work—

Then follow twenty-two paragraphs lettered (a), (b) and (c) to (w) and (x), which give details of the classes of work which may be described as works of necessity or mercy. The act says that this is for greater certainty, but not so as to restrict the ordinary meaning of the expression, "work of necessity or mercy." The maintenance of fires, relief works and so on are covered by the paragraphs, which could be added to by way of amendment if that were found necessary. I do not think this should be considered an argument against the bill sponsored by the hon. member for Champlain (Mr. Brunelle). I hope that in another place minds will be changed this year so that this bill may become law.

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, I am opposed to this amendment as it now stands. In my opinion this bill contains a joker. It states:

> Any person being a director, an officer, a superintendent or an employee of a corporation, to whose direction or orders any employee is by the terms or conditions of his employment bound to conform—

I am fairly sure that there will never be a conviction of a president or a director of a corporation. The conviction would always be of a junior employee or a straw-boss who would have to take the rap, and for that reason I am opposed to the bill as it now stands.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

Bill reported.

DOMINION ELECTIONS

REPEAL OF PROVISION RESPECTING SIGNED PLEDGES BY CANDIDATES

Mr. ROBERT FAIR (Battle River) moved the second reading of Bill No. 23, to amend the Dominion Elections Act, 1938.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Signed pledges by candidates. Repeal.

Mr. POWER: Mr. Chairman, I was under the impression that my hon. friend would give some further explanation on the motion for second reading.

Mr. HEAPS: It was not necessary.

Mr. POWER: I did not make the suggestion I intended to make, that perhaps this bill could be discussed better in the committee on electoral matters, notice of which has already been given and which will shortly be set up. As my hon. friend has preferred to have this matter discussed in committee of the whole house, I have no objection to its being treated in that way, provided he will be kind enough to give us some explanation.

Mr. FAIR: The purpose of this amendment, which I do not for one moment wish to conceal, is to repeal section 106 of the act. I expected that before the bill got into committee I would have had to say a few words, but now that it is in committee I do not think it is necessary to say very much. The section to be repealed reads:

> It shall be an illegal practice and an offence against this act for any candidate for election as member to serve in the House of Commons to sign any written document presented to him by way of demand or claim made upon him, by any person, persons or associations of persons, between the date of the issue of the writ of election and the date of polling, if such document requires such candidate to follow any course of action that will prevent him from exercising freedom of action in parliament if elected, or to resign as such member if called upon to do so by any person, persons or association of persons.

I believe that this is the first time a section of this kind has been included in our Dominion Elections Act.

For quite a number of years we have been treated to speeches on democracy. We pride ourselves on a democratic Canada; yet in the face of those speeches in favour of democracy and our claims that we want to support democracy we have put into the Dominion Elections Act section 106, which, if it is allowed to remain in the act, in my opinion does away with democracy.

Democracy, as I see it, is the will of the people, and when the people of Canada are refused the right to pledge their candidates I think it is treading the path of dictatorships, which nobody in this house wants for a moment. In the country which I left more than twenty-five years ago demands were made for certain constitutional changes which most hon. members know as Home Rule, and to-day there is Home Rule in that country. Several other demands have been made in other countries; and as the representatives of the people are the only spokesmen that the people have in parliament, if we take away from the people the right to have their candidates sign pledges and to back up the promises they make prior to an election I think we are treading on dangerous ground, ground much more dangerous than perhaps some realize.

I do not think it is necessary for me to say much more. The wording of the section itself as it stands in the act is sufficient, I think, to prove that it is dangerous, undemocratic, and along the line of dictatorship by parties, particularly those in power.

From the Ottawa *Journal* of February 23 last, I clipped this item:

> Want Preelection Promises Kept
>
> Olympia, Wash., Feb. 23—Political speeches in Washington state may undergo drastic changes if Rep. William J. Pennock's bill passes. It would require major state officers to add this pledge to their oath:
>
> "I furthermore do promise and swear that to the best of my ability I will endeavour to perform and fulfil all promises made by me during the campaign, as the result of which I was elected to said office."

If we intend to support democracy and keep away from dictatorship, the best thing we can do is get away from section 106 and leave the old act as it stood in that respect.

Mr. POWER: Mr. Chairman, the difference between my hon. friend (Mr. Fair) and myself lies largely, I think, in what is meant by democracy. I am to some extent responsible for section 106 being in the act, because it was at my suggestion to the committee which sat last year that the clause was put in the bill, as reported unanimously by a committee of this house, and as passed by the house with very little objection except that of the hon. member for Winnipeg North (Mr. Heaps).

The object of the section is to do away with an abuse, which has grown up in our public life, of a large number of small minority groups endeavouring to hold up a candidate by making him sign pledges with respect to everything under the sun. During the last federal election we were confronted in the district of Quebec with nineteen separate and distinct pledges that we had to sign. As a matter of fact, I will say for the better-class candidates that they did not sign, but the candidates who were not so conscientious about their duties to the public did sign everything that was presented to them. They swallowed them whole. They signed things with which they had no concern whatsoever, such as pledges with respect to real property, with which the dominion parliament has no concern. Certain minority groups have got into the habit of asking everything in order, in some instances, to embarrass the better-class candidates, and in others, to assist the worst candidates.

Mr. HEAPS: May I ask what is a better-class candidate?

Mr. POWER: A better-class candidate is a man who has some respect for his conscience and for his duty, and proposes to come here and do it. A member of parliament, when he is elected by his constituency—I notice I shall have to be brief—is elected, not to be the mouthpiece or delegate of any group or class in his constituency, but to represent in this house the whole people of Canada. He comes here to give his best judgment upon the questions which are put before him—not to give a decision based upon instructions he may have received from people thousands of miles away who know nothing of the question under discussion.

Mr. LAPOINTE (Quebec East): That is democracy.

Mr. HEAPS: That is party politics.

Mr. POWER: It is not democratic in any sense to send a man here hog-tied to do nothing but what is desired by a small group in his constituency. Members who come here with their resignation in the hands of their party executive or of some group of people in their constituency are not, to my mind, performing their duties as representa-

tives of the Canadian people. If it be democratic to allow a small group of ward heelers—and I will call them ward heelers even if they are social crediters or members of the Co-operative Commonwealth Federation party—to control the decisions which a member may make in the House of Commons in the performance of his duty, I do not believe in that kind of democracy.

Mr. NEILL: May I ask why you do not make it an offence for these people to ask for a pledge? You are only making it an offence for the unhappy candidate to sign the pledge.

Mr. POWER: I had intended, when the amendment was proposed in committee, to make it an offence for people to ask, and another offence for the man who was fool enough to sign.

Section stands.

Progress reported.

TRADE AGREEMENT

CANADA-UNITED STATES—CONTINUATION OF DEBATE ON MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

The house resumed consideration of the motion of Mr. Mackenzie King that the house go into committee on the following proposed resolution:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. MALCOLM McLEAN (Melfort): Mr. Speaker, the matter which is before the house at the present time, namely, the ratification of the trade agreement between Canada and the United States, is in my opinion one of the most important subjects which will come before the house during this session. I do not desire to go back very many years into the history of trade agreements between Canada and the United States, but I would remind the house and the country that during the years between 1930 and 1935 there was a great demand in this country, and a growing demand in the United States, for freer trade facilities between these and other lands. So many restrictions and repressions had been put on the exchanging of surplus commodities of the two countries that there was in them both a great diminution in employment, in the standard of living, and in the confidence of the

[Mr. Power.]

producers and the consumers of wealth in these countries, so closely bound together by nature and so well fitted to be in every way the counterpart one of the other in trading matters.

After the last election the people of Canada were much heartened by the speed with which the agreement of 1935 was negotiated between the two governments. When that agreement was signed, within a few weeks of the new administration taking office, it was regarded by the people of Canada generally, regardless of what their party politics were, or the views held in the past about the need and value of trading, as a good omen for the future. That has been abundantly justified by the results which sprang from the signing of that agreement, and the creating of larger opportunities of trade flowing north and south during these years.

The other day one of my hon. friends opposite said that that agreement was not successful; that it had not worked out as intended because trade in 1938 had receded, compared with what it had been in 1937. As a matter of fact, he was handing great praise to the treaty and to the way in which it had worked out, because, in other words, he was saying that trade in 1937 had increased at a tremendous rate over 1935. The whole world knows that there was a recession in 1938 which affected the United States particularly and Canada as well. But to-day Canada is coming out of it faster than our neighbours have done; though we have not suffered as badly, nevertheless our trade is bound to be affected by theirs, with or without treaties. That treaty was so successful that by 1937, in less than two years, we had recovered much of the ground lost in employment, in the production of wealth, in trade with the world, and in renewed confidence on the part of the Canadian people in themselves, their land, their institutions and their future.

We in this house know and the government of the day was quite aware of the fact, which has been mentioned by several hon. members, that that treaty was not, as I admit that this new treaty is not, a panacea for all our ills. It would be impossible; it has never been possible in the history of the world for any government to find a single universal remedy for all its troubles. There are groups of men in the country here and there who think they have found a panacea. One group says that all you have to do is to print all the money you want and you will have a solvent for all difficulties, but in their hearts they know better than that.

Mr. BLACKMORE: Will the hon. gentleman permit a question?

Mr. McLEAN (Melfort): If it is a question.

Mr. BLACKMORE: I wonder if he will tell us of any group in Canada who are foolhardy enough to propose that.

Mr. McLEAN (Melfort): I do not think it would be difficult for anyone to point out to the hon. member for Lethbridge (Mr. Blackmore) that all his arguments in this house have been designed to indicate that if you print plenty of money you will solve all the material problems of Canada and of the world —not the spiritual, mental and intellectual, but the material problems.

Mr. BLACKMORE: Was that what the hon. gentleman said at first?

Mr. McLEAN (Melfort): I do not mind questions, but I want them put in a clear tone so that they can be heard and understood.

Mr. BLACKMORE: I will put it in a clear enough tone if the hon. gentleman will stop talking long enough. I asked, was that the form in which he made the statement before?

Mr. McLEAN (Melfort): Well, it is not usually assumed that we in this house, with all the responsibilities that the electors put upon us, are sent here to discuss other than material problems. It is not assumed generally that we are sent here to discuss particularly the intellectual or the mental or the spiritual problems of the people. There are other forums in which those questions can be debated. We therefore take it for granted that when we speak of problems we refer to the economic and material problems of the country, because the political and social problems have been largely solved in so far as they can be in a place like this.

To continue, the government knew that this theaty of 1935 could not solve, and they are not claiming now that the 1938 treaty can solve, all our problems. It is impossible to deal with the many-sided phases of modern life, and, by virtue of one trading agreement between two countries out of three, remedy all the evils of which we complain. My hon. friend who asked the question knows as well as I do that over large areas of Canada no wealth amounting to anything has been produced in many years. No wealth has been produced in a part of this dominion which formerly produced wealth in great abundance, and consequently he must know that this is one of the things from which we are suffering, and that the trading of surplus wealth from other areas will not make up for the loss which is entailed by non-production of wealth over so large a part of Canada.

Both the great country to the south of us and ourselves, however, desired a further advancement along the lines now proposed and, as time went on and the value of the agreement was being demonstrated, those who had been opposed to such agreements in Canada and the United States greatly moderated their objections to them, while those who had been in favour of them on general principles now found their arguments backed up by specific reasons, so that there was a willingness to negotiate once more and again to concede more than it had been found practicable to do in the earlier agreement.

To get the most out of such an agreement it was necessary that other countries, if possible, should be negotiated with at the same time, and so we found that for the first time in history the three great English-speaking democracies of the northern hemisphere, the United Kingdom, Canada and the United States, by joint efforts, by a spirit of cooperation, by a spirit of compromise here and there on non-essentials if you will, were able to come together and draft treaties mutually satisfactory to them, which it is believed will result in great good in various ways to the three countries participating and to many other peoples throughout the world.

To the great Secretary of State of the United States much credit is due for the work that he has performed during the last few years in paving the way for these treaties, and I think the people of Canada and of the old land are equally pleased that their governments took a lead in obtaining these results. It was not an easy matter at all, because no trading is particularly easy, and the more people you get into the trade the harder it is to bring it to a successful conclusion. Where negotiations had to be carried on between any two of the nations and then referred to the third one, and difficulties removed there, this was bound to necessitate a great deal of work and difficulties could not be avoided. The mutual concessions, however, that had to be made in the articles dealt with in an earlier agreement were finally arranged satisfactorily, and I believe that a great deal of the credit is due to the technical knowledge, the trained skill and the patience exhibited by the officials of this government who had so much to do, in negotiating with their fellow officials of the other countries, with preparing the way for the adoption of these agreements.

On the first of January last when the new agreement came into effect we found that eighty per cent of all Canada's external trade was more or less beneficially affected by these treaties. For a country in Canada's position, the fourth greatest exporter of goods in the world, even with a small population of eleven millions, to be able to negotiate favourable treaties with the two great peoples who purchase from her more than eighty per cent of all of her exports, is something that is well worth rejoicing over, if it is possible to rejoice at all in matters of trade.

A few years ago we heard from time to time—we do not hear it so often to-day—the argument that there is no trade anyhow. People who believe that are naturally not going to be enthusiastic over trade treaties, and I could not blame them for not being enthusiastic over the negotiation of such agreements as this, because if there is no trade in the world, for the reason that every country has too much of everything that there is no way of disposing of anything, which was the classical way in which some of our friends used to express themselves, then there would be no object in negotiating trade treaties at all. But we have never believed that. The economists of the world have never believed it. As a matter of fact, world economists of high mark have never believed at any time that there was being produced in the world a sufficiency of wealth for the needs of those who were producing and would like to consume more of the wealth being turned out by the various industries in the world, primary and secondary.

In 1928 and 1929, when the wheels of industry were running faster and the factories were more fully occupied than ever before, the great Swedish economist, Professor Gustav Cassel, estimated that barely enough wealth was being produced to maintain the peoples of the world on the standard of living that they had been enjoying, and that they wanted not only to maintain but to increase. I do not know of any way by which the standard of living has been raised so much as by trade. It is true that new inventions, skill in handling them and technical education in its proper meaning have contributed to the production of wealth in greater quantity than formerly, but the production of additional wealth in any country is not going to continue unless it can be exchanged, and if it cannot, that industry is going to fall by the wayside. Before I close I am going to allude to one or two developments of that kind in the province from which I come. I think everyone will agree that if no market is found for the products of those new applications of agricultural industry, the industries wil lcease to expand and to bring wealth to the people affected.

We have sometimes had in this house, from those who are not enthusiastic about this treaty, the argument that trade is a form of war. If that were true, I should not be very much in favour of trade expansion. But I am sure that most people throughout the world to-day are satisfied that trade is not productive of war; neither is it the trading nations who are most inclined to war with one another, nor is the system of private ownership—which is inherent in this treaty—the cause of war. The greatest and best evidence of that is that during all the years in which private ownership and capitalism have flourished in industry and the production and distribution of wealth, in these two great countries lying side by side, probably the most highly capitalized in the world and with the greatest degree of individual freedom and the greatest scope for individual initiative in the world, there has not been the breath of suspicion of war.

I believe that, having succeeded in making these treaties, we should take advantage of them to the utmost possible extent; that we should supply as much wealth as possible to the British and United States markets and should take in exchange as much as possible from those markets in order that we may be paid for what we sell and may enjoy the higher standard of living that such exchanges will make possible. Therefore, even though this debate has continued for a few days, and while most hon. members are ready to vote on it at any time—and I am glad to say that I have found no very strong opposition to the treaty anywhere, and there is no question as to what is going to happen when the vote is taken—I am convinced that the time spent in debating this treaty from various angles that may interest individual members and the people whom they represent is time well spent; for the more a treaty of this kind is discussed and the more familiar our people come to be with its provisions, the more advantage can be obtained from it. I believe that when there has been time for other nations throughout the world to become impressed with the value of this treaty, many of them will also desire to negotiate with these three great English-speaking countries and carry on a wider trade with them and develop freer markets, as we are now doing.

In the short time I have, I could not, if I would, go through all the provisions of this agreement, so I am going to limit my argument to the treaty as it affects us as sellers in the United States market. There is, of course, another side that is very important. But if we cannot sell our goods in the United States we shall be less able to pay for the goods we wish to buy in their market, while it is necessary for us to take the goods we buy from them in order to get paid for what we sell to them. And I do not know that one part is more important than the other. But because they fall into two separate classes, and because the concessions that we have made to the United States can be discussed on the budget or on some other occasion, I shall deal with the other side of the question first and look at the concessions that have been made to us in the United States.

With the concessions obtained in 1935 and in 1938 we have had reductions or bindings on 170 items, affecting $124,825,000 worth of sales that we made to them in the year 1937. We also secure the maximum reduction of 50 per cent of the duty on products exported from Canada to the value in 1937 of $56,000,000, or 49 per cent of the total value of dutiable imports from Canada in that year. That alone is sufficient to encourage the sending of more goods to the United States. But for the purpose of my reasoning I am going to deal with some matters that particularly affect either western Canada or the province of Saskatchewan or that part of it which I represent, or some particular industries in Canada that were more in need of assistance than certain other industries. There are many items which I do not intend to touch.

Taking the list of concessions in schedule II, I draw attention to the fact that our metal industries, one great group of our natural industries in this country that has done so much to carry the state through the difficult years through which we have been and are passing, are getting substantial benefit from this agreement. Aluminum, which carried a duty burden of 4 cents a pound going into the United States, has had that duty reduced to 3 cents. On cadmium, the duty, which was 15 cents a pound, is now reduced to 7½ cents. It is true that there is no aluminum manufactured in the part of the country from which I come; but cadmium is produced in that district, and aluminum is produced on a great scale in Quebec and is of great importance, as indicated by the fact that in 1937 over $4,000,000 worth was shipped from Canada to the United States out of a total importation by that country of $6,770,000.

Nickel and its alloys have also received a reduction in duty, although nickel has been well able to carry itself. I was pleased to see a reduction in the duty on zinc in blocks, pigs or slabs from 1¾ cents to 1⅝ cents. That is not a very large reduction; but, after all, that is the duty per pound, and zinc is not a high priced metal. This slight reduction is going to make it easier to develop many mines in northern Canada where a large percentage of zinc is mixed in with the copper.

Coming now to lumber, and in spite of what was said the other day by the hon. member for Qu'Appelle (Mr. Perley), I think, that not much lumber was manufactured in Saskatchewan, I am particularly pleased with the concessions under both this and the earlier agreement to the lumber industry of western Canada, especially as it affects the people whom I represent and their near neighbours in that part of the country. I find that in connection with Douglas fir and western hemlock the quota of 250,000,000 feet per calendar year under the old agreement has been removed and there is no quantity restriction at all, while the duty is exactly half what it was prior to the negotiation of the first agreement. A reduction from $4 to $2 in the burden on lumber such as Douglas fir and western hemlock, which are found in such quantities in the great maritime province of western Canada, is well worth negotiating. On northern pine, Norway pine and western white spruce, the burden of $4 per thousand feet which was in effect prior to 1936 has been reduced to only 50 cents per thousand feet, and if I read this agreement rightly even that 50 cents is likely to be removed when certain other modifications have been brought about.

Someone said in the house, either yesterday or to-day, that not many farm boys and, in fact, not many men were working to-day by virtue of anything contained in this agreement. I want to tell my hon. friends who have that idea that if it had not been for the agreement of 1935 many men who found employment in the woods would not have been working at all; and if it were not for the great United States market which has been opened up to us, very few of the men who are now in the northern camps taking out spruce would be employed if the trade had to depend on the local market. I am convinced that not hundreds but thousands of men all across Canada are employed to-day—and particularly in the spruce woods—because of the market that has been made available in the United States. The burden has been cut from $4 to 50 cents which, in one district which I know very well, where

normally one hundred million feet of spruce lumber are taken out, means a saving of $335,000 per annum in taxation alone. That is a tremendous saving, compared with what they would have had to pay in 1935, and other kinds of lumber are dealt with almost as generously.

Then, to deal with an article produced in the two central provinces, I find that the duty on maple sugar is reduced from 6 cents to 3 cents a pound, while the duty on maple syrup is cut from 4 cents to 2 cents a pound, which is the extreme reduction the president is permitted to make.

Then I come to schedule 7, covering agricultural products. Item 701 deals with cattle weighing less than 200 pounds each. Under the old agreement that weight was 175 pounds and the quota was 51,900, but under the new agreement the quota has been increased to 100,000, while the rate on these calves has been reduced from 2½ cents to 1½ cents per pound. That is a great benefit to those who want to market their calves at an early age and a light weight. Cattle weighing 700 pounds or more and being dairy cows, in connection with which there was a quota of 20,000 head annually under the old agreement, have had that quantity restriction removed entirely. The previous rate was 3 cents a pound and to-day it is 1½ cents. I hope we shall not again have the spectacle we had in this house on one occasion a few years ago, when we had to listen to the then leader of the opposition bewail and bemoan the fate of 125,000 Ontario dairy cows which had been driven south, and which wept their eyes out because they were no longer being milked on the banks of the St. Lawrence or some of our northern rivers, but were subjected to the sad fate of giving their milk and cream down in the state of New York, where they had been moved at the price of from $125 to $150 for a good cow. I hope the time will again come in this country when farmers who wish to do so will be able to sell dairy cattle for similar prices, and when there will be an equal demand. When it comes to cattle weighing 700 pounds or more each, not specially provided for, the quota under the old agreement was 155,799 head, which was a percentage of the cattle slaughtered in the United States between 1928 and 1932. I am sure everyone here is glad to know that this quota has been increased to 225,000 and the duty cut from 3 cents a pound in 1935, and 2 cents, the rate in effect for the last three years, to 1½ cents, which is the maximum reduction possible under the United States statutes.

Everyone in Canada who is interested in agriculture values the provisions of this agreement. Some of my hon. friends opposite have said that only something like four per cent of the members of this house knew anything about this quota being continental or global; that dealers in western Canada, making their livelihood out of the cattle business, did not know that fact, and that losses had been sustained as a consequence. I think my hon. friend from Qu'Appelle and my hon. friend from Rosetown-Biggar (Mr. Coldwell) lamented that lack of knowledge. I just want to say that any man buying and selling cattle for a living in either eastern or western Canada who did not have that much familiarity with the rules under which such cattle could enter the United States, was bound to run into some difficulties, but I think everyone knew last year and the year before and the year before that—

Mr. PERLEY: Did the hon. member know?

Mr. McLEAN (Melfort): Oh, yes.

Mr. PERLEY: Then you are the one out of twenty-five.

Mr. McLEAN (Melfort): But there are a dozen members over here at the moment who also knew about it; twelve times twenty-five is three hundred, and we have only 245 members in the house. I am quite aware that there was the possibility of a loss to those whose cattle went into the United States after the stop was put on because the quota was nearly exhausted, but my hon. friend from Qu'Appelle knows that the United States government gave notice when the quota was within 5,000 head of being exhausted. They said the duty would be collected on all cattle going in after that, and if it was found later that they came within the quota that duty would be refunded. So that the dealer who took in a carload of cattle, if he had paid freight and duty on them, and taken them to the United States, immediately after the limit was announced, might not have lost money at all. Yet the very fact that he lost $500 on a carload because this agreement was not in effect on that day is, to my mind, the best indication of the value of the agreement, because any bargain which will make over $500 more money on a single car of cattle, without a nickel of expense added, to the dealer or to the farmer, is surely a wonderful agreement for this country.

Mr. PERLEY: It demoralized the Winnipeg market for that day; that is the point.

Mr. McLEAN (Melfort): I should like to talk about swine, pork, bacon, edible animal livers, whole milk, fresh or sour, cream, fresh or sour, skimmed milk, dried buttermilk and

cheddar cheese, the duty on which has been reduced from 7 cents to 4 cents a pound, but time does not permit.

I would like, however, to congratulate the hon. member for Qu'Appelle upon the fact that the people he represents in his constituency could easily supply the 15,000,000 gallons of milk, either in the form of milk or cream, which is going to be allowed into the United States.

Mr. PERLEY: I would suggest that the hon. member read the *Western Producer,* and take a peek at his own constituency.

Mr. McLEAN (Melfort): My hon. friend does not require to make any suggestions of that kind. I represent the people who sent me here, and have a right to comment on any speech which has been delivered or any statement which has been made in the debate, so long as proper decorum is observed. But I want to say it is a good thing that the cattle in his constituency are so prolific of milk. If they are, I fail to see why he should condemn the government because, as he said a little while ago, they were not allowed to keep more than so many female breeding animals, and were consequently incapable of selling cattle.

On horses going into the United States, the duty has been reduced from $30 a head to $15 a head on horses valued at not more than $150.

Another development in the agricultural industry which I believe is going to be of great value now and in the future, is the production of honey. Formerly it carried a duty burden of three cents a pound into the United States. Under the 1935 agreement that was reduced to two cents, and it is now down to one and one-half cents a pound. For my district which has shipped honey by the carload overseas, and whose honey is taking the highest awards in the empire markets and shows in London, I believe there is a great opportunity for marketing that same product in the United States in future.

A great deal has been said about apples. While they may have lost some preference in the old country market, on the other hand they receive a substantial advantage in the United States market and I am glad to see that this is so. It would not be well to have an industry of that kind penalized.

But I must hurry along and deal with grass seeds and other forage crop seeds, because they are important, too. I find that the rate on alfalfa going into the United States has been reduced from 8 cents a pound in 1935 to 4 cents per pound. The rate on alsike clover is reduced in the same way. On red clover the reduction was from 8 cents to 5 cents a pound in 1935, and it is now reduced to 4 cents. On timothy there is a reduction from 2 cents to 1 cent. On bent-grass the reduction is from 40 cents a pound to 20 cents. On wheatgrass it is from 2 cents to 1 cent, and on bromegrass from 2 cents to 1 cent.

The growing of alfalfa seed, and these other seeds, is one of the great developments to which I referred at the beginning of my observations. In 1936, from the territory I represent less than 100,000 pounds of alfalfa seed were marketed, and the cut in the rate of duty from 8 cents to 4 cents a pound is of great benefit to those people. A year ago, that is for the crop of 1937, over half a million pounds were marketed. The cut in duty meant about $20,000 to the comparatively few farmers producing the seed. Last year, 3,000,000 pounds were marketed, much of it going to the United States, and the price was set by the price available in that country. Three million pounds with a 4 cents a pound reduction in duty represents the sum of $120,000, a matter of the greatest importance to the growers. That is one of the developments in agriculture which, as I have said, could not be continued if a market were not available. I believe the hon. member for Haldimand (Mr. Senn) would agree with me that it is all important to have a market.

Mr. SENN: Since the hon. member has mentioned my name, I should like to tell him I do not believe our price for alfalfa seed is governed by the United States price at all.

Mr. McLEAN (Melfort): I did not say it was, but I do say—

Mr. SENN: Oh, yes.

Mr. McLEAN (Melfort): But I said this, that not only does that portion of our alfalfa seed which goes into the United States receive a 4 cent reduction in the burden of duty, but in that section of which I am speaking, namely northeastern Saskatchewan, which produces 3,000,000 pounds, the price of that which was sold at home was governed by the price of that which went into the United States.

Mr. SENN: As a matter of fact, we are not producing enough alfalfa seed in Canada for our own domestic use.

Mr. McLEAN (Melfort): I am glad to hear that, and I hope it is correct. I know the hon. member for Haldimand thinks it is. I know, too, that it is beginning to give some concern to those who see themselves

faced with the marketing of from 6,000,000 to 10,000,000 pounds next year, if the crop is normal, on the increased acreage they now have. Our United States outlet has been very important in the last year or two.

There are many other matters with which I should like to deal, particularly potatoes, fish of all kinds, and articles such as pulpwood, other forest products, and many commodities which are dealt with in the agreement. I am particularly pleased to see that the farmers and fishermen of the maritime provinces are getting some advantage out of it. I believe some of them complained, and rightly so, that they had been unfortunate because the government had not been able to get many advantages for them under the treaty of 1935.

The first time I ever spoke in the house I had occasion to deal with conditions in the maritime provinces, and to express the hope that they would be ameliorated. I have now had the satisfaction on two occasions of seeing better conditions in those provinces, and I believe that this market now being opened for their fish, potatoes, and other commodities, will prove beneficial. I know of no people more deserving of any encouragement the government can give. And I know of no people who will rejoice with them more than the people who, having had their struggles on the new lands in the west, appreciate, at least in part, the struggles of the people in the maritime provinces.

Mr. PERLEY: They are still struggling.

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, I do not propose to be responsible for prolonging this debate more than a few minutes. I do propose, however, to deal with some of the items when the treaty is being considered in committee.

To begin with, in my opinion the whole system employed by this government in bringing about these treaties is wrong. I say that because they do not use the system employed in the United States.

The hon. member for Broadview (Mr. Church) asked the following questions of the ministry on February 15, 1938:

1. Will the government lay on the table the list of 47 pages of goods on which the United States propose to discuss further reciprocity with Canada as published partly in the local press on January 8, and on which the people of that country were asked to write the Trade Department at Washington to give their views or objections on any of these items with a public hearing on March 14, afforded?

2. Will the government consider adopting the same method and procedure here in order to give the business men of Canada an opportunity of being heard in the same way by letter, and a public hearing later, before any proposed agreement is consummated, and not after it?

3. Will the government consider calling into consultation Canadian industrialists and agriculturists regarding the effect of same on the Ottawa agreements, before and not after any agreement or treaty is consummated or proposed?

In answer to question number two of the hon. member, the Prime Minister (Mr. Mackenzie King) stated:

The procedure at present adopted by the United States government in connection with current trade agreements is based upon the fact that agreements concluded under the Trade Agreements Act are not submitted to congress for approval. As the situation in this respect is different in Canada, it is not considered necessary to adopt the United States procedure.

What difference is there? Was this last trade agreement submitted to this parliament before it was signed and before it became law? Were hon. members consulted before this treaty came into effect? This last treaty with the United States came into effect on January 1, 1939; this parliament was called on January 12, and we are now discussing the treaty in the middle of February. In answer to question number three, the Prime Minister stated:

The present practice under which Canadian industrialists, agriculturists, and others interested, may communicate with the Minister of Finance, the Minister of Trade and Commerce, or other ministers concerned, on all matters respecting commercial treaty negotiations, is believed to be adequate.

How can Canadian industrialists, agriculturists and others interested approach the government in connection with these matters when they have not the faintest idea of what is being considered by the government? If there ever were a purely political treaty executed by this country, it is the one now before us. It is a treaty in which there is very little thought for the common good. It is a treaty to suit one or two sections of this dominion. Apparently the members from those sections control this government. There are supporters of this government who are to-day hanging their heads in shame. They have not been in this house for the past three weeks, ever since this treaty has been under discussion. They are ashamed of it. My belief is that if the treaty of 1935 had not been put into effect, conditions in this country would have improved to such an extent that there would have been increased employment and increased trade within Canada, and we would have had dominion unity instead of disunity. Our working people would have been happier. The supporters of the government have spent so little time in this debate

in defending the treaty that their attitude has been pitiable. They have been taking up the time of the house in making personal attacks on hon. members of the opposition and reading from red, white and blue books that have no bearing on the case. In every way they are attempting to belittle the seriousness of the situation.

This afternoon the Minister of Mines and Resources (Mr. Crerar) did not quote from the little red book, as some of his colleagues have done, but he did almost everything else. He spent his time in apologizing for certain hon. members, saying he was sorry that this or that member was not in his place. Let me say to the minister that he does not spend any too much time himself in this house, and I regret he is not in his place this evening. I wonder what the Minister of National Revenue (Mr. Ilsley) thought of the statement this afternoon that the treaty might affect a few apple trees in the constituency of the hon. member for Yale (Mr. Stirling). I wonder what the people of the Annapolis valley, of British Columbia and of the apple growing districts of Ontario would think if that was drawn to their attention.

Mr. ILSLEY: I do not think that was his statement.

Mr. LENNARD: He said something that appeared to me to be along that line.

Mr. ILSLEY: Something quite different.

Mr. LENNARD: Of course I have not seen *Hansard,* but that is my interpretation of what he said. I do not think the Minister of National Revenue was in the house at the time.

Mr. ILSLEY: Oh, yes, I was here.

Mr. LENNARD: I did not think the minister was. Where are the members supporting the government who represent ridings in which there are a great number of market gardeners and fruit growers? Has one of them risen in his place on the floor of this house and defended his position? Not one, Mr. Speaker, not one. I wish to protest against the unfair treatment which has been accorded the market gardeners, the greenhouse industry and the fruit growers of the country by this government in these two treaties. In vegetable growing alone we have a major primary industry. To quote the words of Mr. M. B. Davis and Mr. T. F. Ritchie of the central experimental farm, Ottawa, as delivered at the Carls-Rite hotel, Toronto:

It would seem therefore that we have in this vegetable industry something of real value as a national asset and it is our guess that the industry is easily worth in its entirety $100,000,000 a year. Such an industry merits attention and deserves support if it is to continue as a source of wealth to this country.

I ask in all seriousness: Has this industry received this consideration? I say, no. The sections of the Canadian fruit and vegetable industry which will suffer most severely under the new arrangements with the United States are the hothouse tomato growers, the pear growers and the asparagus growers. The greenhouse industry is the one branch of market gardening most seriously affected. The hothouse growers of tomatoes find that their overhead is the same to-day as it was several years ago. The cost of coal, labour, et cetera, is at the same level, while the duty has been lowered from 30 per cent in 1935 to a bare 10 per cent at the moment. With the two cents a pound dumping duty removed, these men will be practically forced out of business. They will have to readjust their business, and I do not know what other line of production they can turn to which will permit a profitable use of their hothouses. I know many of them have been scraping along for the past few years. I know of several large plants which cannot afford to close down. They have been running along with small losses in the hope that some government would come along and give them relief so that they might operate successfully in the future. If that does not happen soon, I know many of these concerns will go to the wall. These tomato growers have to compete with a field grown crop, harvested with cheap labour and receiving a freight subsidy. What chance have they? What protection is 10 per cent against such competition?

While there has been no change in the dumping duty on pears, the Canadian government has agreed to apply the dumping duty for a twelve week period only. This is not sufficient to cover the entire pear season, and the result will be that the threat of United States imports by Canadian canning companies will be a greater menace than ever. In connection with asparagus, the loss is the three per cent excise, five per cent on the general duty and two-fifths of a cent per pound on the dumping duty. When these are all totalled up, it means a material reduction in the protection against United States asparagus, which some canning companies often import for the purpose of smashing Canadian prices when the canning season rolls round.

This afternoon the hon. member for Souris (Mr. McDonald) stated that one-third of the people of Canada were farmers, and that two-thirds of the people of Canada were in-

terested in agriculture. Does he realize that the other one-third he speaks of are in the market gardening and fruit growing industries, which are directly affected by these treaties? If the other third of the population of Canada are in industry, two-thirds of the population of Canada are directly affected by this treaty.

The hon. member for Victoria, Ontario (Mr. McNevin) stated some time ago that he thought the new trade agreements would help the woollen and knit goods industry. I wonder if he really thinks that, or if he has given it any thought at all. I should like to give a few facts in connection with the woollen and knit goods industry.

1. The industry is essentially Canadian with eighty-five per cent of its $92,000,000 investment being supplied by Canadian investors.

2. Ninety-eight per cent of the goods made by these mills must be sold within Canada.

This is because Canadian wage scales are higher than in other countries, or because the textile tariffs of other countries are against Canadian textiles. Therefore our industry is dependent upon its Canadian market.

3. The government in again lowering the tariff in our Canadian market will give workers in other countries added production and Canadian workers less.

In 1937 our textile industry bought from Australia, direct, over $2,000,000 worth of wool, which constitutes twenty-four per cent of Canada's purchases from that country. It bought from New Zealand over $3,000,000 of wool, which constitutes fifty-eight per cent of the total imports from that country.

In addition to Australian and New Zealand products the industry purchased approximately double the above quantities through Bradford, England, in the form of raw and partly processed wool.

These purchases by Canada from empire countries were a substantial consideration in negotiating trade treaties with these countries, from which Canadian workers in other industries benefit.

Thus, the woollen and knit goods industry contributes in a major way to empire trade, both in its actual purchases from empire countries, and in tariff concessions to competitive empire products, in return for empire trade concessions to Canadian natural and farm products.

The widespread and comprehensive nature of the industry is clearly demonstrated by the fact that its $25,000,000 direct wages are paid into eighty-two municipalities in Ontario; thirty-nine municipalities in Quebec; eighteen municipalities in the maritimes, and seven municipalities in western Canada.

[Mr. Lennard.]

The present economic condition of the textile industry in the United States is forcing her to seek openings in Canada for the surplus production she is not internally absorbing. Further concessions in tariff would merely aggravate the danger to our Canadian industry. This condition illustrates the seriousness of a tariff reduction to a country having such economic difficulties as the United States portrays.

It is of the utmost concern to the woollen and knit goods industry that because of the favoured nation treaties which Canada now has with twenty-two foreign countries, any tariff concessions which are given to the United States must automatically be given to all these others. Unfortunately these others include Japan, Italy, Germany and Czechoslovakia, all of which are textile producing countries operating on wage scales ridiculously low compared with those prevailing in Canada. It would be disastrous to this Canadian industry if the products of that class of foreign production were given an opportunity to gain any further foothold in our Canadian market.

I say, Mr. Speaker, that the workmen of this country have been sold out to foreign capital; their very jobs have been jeopardized by these two treaties.

In addition to the confusion and in many cases chaos that has been created in industry through these treaties, there is the additional paralyzing effect of the uncertainty surrounding the excise tax. We read in the press that it will possibly be removed altogether. But who knows? Consequently the industry of this country is to an extent at a standstill, awaiting the outcome. To put it squarely to this government, they are shirking their duty in withholding this information, and it will jeopardize the very existence of many industries, especially in eastern Canada, if this question is not settled very soon. I say that, Mr. Speaker, in all seriousness. I have been approached by industrialists during the past two or three weeks, and they say: "This treaty is signed, and I suppose we shall have to make the best of it, but what is the government going to do about the excise tax? With the present uncertainty our business is paralyzed; we do not want to buy, and people will not buy from us because we do not know, and they do not know, what is going to be done about the three per cent excise tax." It is one of the most serious stumbling blocks before industry in this country at this moment, and this government should end the uncertainty at the earliest possible moment.

Mr. J. K. BLAIR (Wellington North): Mr. Speaker, I want to tell the hon. member for Wentworth (Mr. Lennard) that the Prime

Minister (Mr. Mackenzie King) sprung no surprise on the Liberal party by introducing a new reciprocity treaty. The Prime Minister well knows the spirit of the Liberal party. There are not many Conservatives in the house to consult. The Prime Minister would not take their opinion if they did give it, but he knows the spirit of the Liberal party as expressed in caucus and he knows the opinions of Liberal members personally. The Prime Minister knows what each one of us thinks with regard to these trade treaties, and we are behind him one hundred per cent.

Mr. BRADETTE: The country is too.

Mr. BLAIR: My hon. friend from Wentworth says that these trade agreements are politics. Nonsense. They are an expression of true Liberalism in all the provinces of this dominion.

The Prime Minister has urged the house to get on with its business and to stop all this delay, but the leader of the Cooperative Commonwealth Federation party (Mr. Woodsworth) wished to delay the house still further by more discussion, and the leader of the opposition (Mr. Manion) agreed heartily with the leader of the Cooperative Commonwealth Federation party as did also the leader of the Social Credit party (Mr. Blackmore).

The Prime Minister said:

In the first place may I point out that it is over a month since this parliament assembled. In that time the government has not been able, until to-day, to bring forward a single government measure.

The house has been delayed, and those who have complained most about the delay have been the very ones who have taken up most of the time of the house by reading speeches until they almost emptied the chamber. It is ridiculous.

We are passing out of somewhat of a depression which we experienced under the late government, and business is now gradually rising to a higher level. We attribute that progress to the effects of the last trade agreement we made with the United States, which meant very much to the farmers of this country.

When hon. gentlemen opposite despair and speak as if everything were going to the dogs, there are a few things we should remember. First, I would advise them to take something for their liver because they cannot be in good health. We have reason to believe that conditions are not too bad now, and that they will continue to improve. If hon. gentlemen opposite will consult statistics they will find reported that in the last five years the debt of Canadians to the outer world has been reduced by $900,000,000. That is an exact figure easy to remember. Of course, we are indebted to one another as a family; there is indebtedness as between province and province, and the federal government is indebted to Canadians within our borders. That indebtedness, as I say, is among ourselves as a family. Our debt to the outside world has been reduced by $900,000,000.

Another matter that should please hon. gentlemen opposite is in connection with trade balances. They are great on trade balances. Personally I do not think they are as important as my hon. friends opposite consider them. In any event the balance of trade in our favour this year in relation to the whole world is $280,000,000. These are easy figures to remember—$900,000,000 paid, and a balance in our favour of $280,000,000. I believe this is on account of the last reciprocity treaty. Those members who are farmers will recall the time when they sold cattle at 3 cents a pound and pigs at 3 cents a pound and lost thousands of dollars. We got the treaty through and the price was doubled; in fact it was three times as high.

Some hon. MEMBERS: Oh, oh.

Mr. BLAIR: The price of pigs was three times as high, I may tell hon. gentlemen opposite if their memories are bad, because I remember selling the last batch I had at that time for $285. We got as high as 9 and 10 cents a pound after the reciprocity treaty.

In connection with cattle this summary might be found interesting. In the last four years of Conservative rule we sold 30,000 head to the United States, and in the last four years under this government we have sold to the United States 601,000 head. In other words, in four years under the Liberals we have sold twenty times as many as we sold in four years under the Right Hon. Mr. Bennett. This means a great deal to the farmers through northern Ontario, and in my opinion it accounts in large measure for the balance of our trade. I believe it came from the exports of cattle.

This trade treaty is much broader than any we have had before. It includes the British Empire. I cannot understand the opposition voting against a trade treaty with the British empire. For years they used to come into the house, wrap themselves in the union jack and talk about patriotism, waving the flag in our faces. For over thirty years I have heard a great deal about the flag in Toronto, and now that we have a trade treaty with Great Britain; now that

there is perfect cooperation with the British people, we find the Conservatives talking hour after hour in opposition to the treaty.

The leader of the opposition says that he cannot vote for the treaty. He opposes it for several reasons. First, he says that it means greater competition in industry. Well, I am sure that the people who sent me here will thank heaven for that. They are paying far too much for their farm implements and there is need for some competition to bring about a reduction in the prices of those articles which they have to buy. This will be a blessing to them.

Next he says that this is the beginning of the destruction of the British preference. Well, now! Imagine the Conservative party starting to nurse the British preference! Why, that was the child of the Liberal party. The Conservative party tried hard to kill it at its birth; yet now they say it is not safe in the hands of its parents. Adjustments are made in the British preference, but it is not destroyed, and I think it will be many a day before it is destroyed—perhaps never.

Next he says that he opposes the treaty because it injures our Canadian traffic, the traffic north and south. That is an old Tory fallacy. Liberalism, let me point out, always tries to bring the producer and the consumer as close together as possible, but the Conservative policy for the last thirty years has been to put up toll gates and barriers between the two. They are constantly doing it. Dear knows, nature has provided enough barriers between producer and consumer without our adding extra ones. Time is a barrier, and a deflater between producer and consumer. Weather is a deflater, because commodities may suffer in going through tropical or cold climates as the case may be. Transportation, freight rates, a hill on the highway—anything that helps to keep traffic back is a deflater and destroyer of trade and commerce.

But the Conservative party are not satisfied with that. They want to put more obstructions in the way, and they complain that this treaty injures our Canadian traffic, the trade going north and south. I suggest to the leader of the opposition and those who approve his policy that he get a highway which is not too congested, one that goes round in a circle, and travel over it for so many miles before depositing cargo. Perhaps they would then vote for the treaty.

The next point he complains about is the removal of the excise tax. The removal of the tax, it is said, will have a paralyzing effect. Its removal will not paralyze the people of my constituency, and the sooner it goes the better. In fact, in my opinion, it should never have been imposed.

I always enjoy listening to the Conservatives heckling a bit once in a while, because it gives me an idea of what brand of politics they have. The last time I spoke in this house I was accused in the house in Toronto of denouncing the Conservatives. No. I do not denounce the Conservatives; it is the Tories I denounce. There is a difference between Tory and Conservative. The Tory votes by tradition. He goes to church once a year, some time about July.

Mr. LENNARD: On a point of order, did the hon. member say that I said that the removal of the three per cent excise tax would paralyze trade? I did not.

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

Mr. FAFARD: It is a point of disorder.

Mr. SPENCE: Discuss the lethal chamber.

Mr. BLAIR: I expect that every Tory in Toronto will vote against this treaty. I expect the representatives of Tory constituencies to vote against it. But I assure you, Mr. Speaker, that thousands of Conservatives will be very slow to vote against it; on the contrary, they are anxious to have it go through.

An hon. MEMBER: Will they have a chance?

Mr. BLAIR: They will have a chance to express their opinion before long. The Tory is vastly different from the Conservative. The Tories vote by tradition. The Conservatives study matters and vote according to their judgment. We do not expect any Tories to vote for this treaty, but the Conservatives in this house and outside will be strongly in favour of it. I should like to hear a Conservative member or, indeed, any hon. member go to the farmers north of Toronto and tell them that this treaty will do them harm, tell them that they must not sell their cattle in Buffalo; that to do so is wrong. An hon. member—I do not like to mention names—complained that he was tired of hearing Toronto called hog-town. I can tell him that if he votes against this treaty and insists that the farmers north of Toronto cannot sell their cattle in Buffalo and other United States cities, Toronto will still be called hog-town. If he wants that name changed, a change in conduct is the only way to change it.

Mr. CLARKE (Rosedale): It is too bad the hon. member cannot move there.

Mr. BLAIR: Hon. members complained about the Hawley-Smoot and Fordney-Mc-

Cumber tariffs. They should know that it was the Conservative party which was in power in the United States when those tariffs were imposed. I do not think a Conservative party should be elected anywhere, but we in Canada are not responsible for their having a Conservative government in the United States.

An hon. member complained bitterly about the low tariff years from 1921 to 1930; let me tell him those were years of prosperity in Canada. Those were the years when the farmers bought farms and cars and drove to town—

An hon. MEMBER: And got married.

Mr. BLAIR: Yes, got married. To-day it is being preached by hon. members opposite that people should not get married. We as Liberals do not preach such policies.

Mr. BEAUBIEN: No, we get married.

Mr. BLAIR: We need trade, because it is impossible for a country like Canada with her large surplus of raw materials to live without exporting.

We are charged frequently with not co-operating. Let me say that the King government has cooperated fully with Neville Chamberlain in all his actions during the recent critical conditions in Europe. They also did so at the time when the change in the sovereign took place. These matters are very important. Naturally when a Liberal government in Canada cooperates fully with a Conservative government in Great Britain we receive some criticism, we expect that. But we have no apologies to make. We believe Neville Chamberlain will go down in history as the greatest British statesman in many years, and I believe that the name of Mackenzie King will be associated with his for his splendid cooperation.

This treaty may seem to be merely an economic one, but it is of much more far-reaching importance than merely an economic asset. I have here an extract from a speech of a certain man, I do not know how true it is to his inmost mind because I read his speeches in the Hastings by-election; I have them on file, and whenever I look at them they fairly make me sick. But he has been reading passages from some author and he made this declaration at Fort William, as reported in the St. Catharines *Standard* of January 28, 1939:

> . . . Colonel George Drew went on to assert that "The one hope of the world is a complete understanding between the British empire and the United States to work together in the preservation of peace, a movement in which we Canadians are the interpreters, the ambassadors between the empire and the United States." Which, most people will agree, we think, sums up Canada's position to a nicety.

There is a passage of which I do not think Colonel Drew was the author, but I give him credit for saying it at a public gathering. It means more than most might think. It is the soul of old Joseph Chamberlain; it may have come from some of his writings. Joseph Chamberlain believed in the unification of the British people the world over. He was narrow in his racial ideas, but was ambitious for the unification of the British people. It also expresses the soul and spirit of Sir Wilfrid Laurier, who sought for cooperation with and unification of the British people by means of the British preference and reciprocity, something similar to what we are having now. It was the spirit of J. A. Macdonald, editor of the *Globe*, who preached the unification of the British people, throughout the United States. Now we have Colonel Drew, and if ever a man had a chance to do a little missionary work, if Colonel Drew would spread that doctrine through the club rooms in Toronto, it would be a godsend for some of the Toronto organizations. That spirit is strongly opposed to some of the ideas we hear in this house. If Colonel Drew puts forward that idea in the Ontario house he will not meet with any opposition, because the keynote and foundation of Liberalism is freer trade and better understanding among the nations of the world.

There is one point I might mention in closing; it is in the spirit of Neville Chamberlain that if a nation is so confined that it has not sufficient territory to support its people, that nation should be allowed to get more territory where there are vacant lands, because people are not going to be content to starve on territory on which it is impossible for them to live. There are nations in the world which are in that position; I believe Neville Chamberlain is anxious to give them relief, and I have great faith that he will do it, although he is being bitterly opposed by many British people. But every nation has a right to live and obtain food and clothing, and if they do not have it at home I think some latitude should be given to them to enable them to secure it in other parts of the world.

The great cause of world peace lies behind this treaty. I know there are hon. members opposite who do not think that; they think this treaty is merely an economic problem. Of course it is that, and a vast one; but its object is also the tying together of the English speaking peoples which will be a factor in our national protection. It tends toward making an economic unit of the British people, and I believe that with that protection we shall be relieved of having to spend as much money for defence as we

otherwise would have to spend. I think there will be found a great degree of unification among the British peoples, and it is even broader and wider than that. While Great Britain asks all the dominions to come in, they are extending the glad hand to all nations possessing the spirit of British democracy to come hither and join with them in this great union. That means much. The treaty now before us is all right as far as it goes, but the matter does not end there. Great Britain extends the glad hand to all the democracies of the world. This is the first great step toward the unification of all the democracies and all the British peoples

It was with a great deal of regret that I saw the leader of the opposition rise in his place and tell us why he would not vote for this treaty. These men in the far corner rise in their places and talk against the treaty, but we do not know which way they are going. I have faith in the leader of the Cooperative Commonwealth Federation party; I generally know which way he will vote, and I have never found him opposing a properly negotiated trade treaty which would bring about lower duties. I have not faith in all hon. members in that corner, but I have faith in him. I think some of these men are talking one way, while they would like to talk the other way. I believe the Conservatives talk one way, while they would like to vote the other way. I believe the leader of the opposition would like to vote for this treaty; yet he is speaking against it.

An hon. MEMBER: What about the Reconstruction party?

Mr. BLAIR: Oh, I think he would vote for high tariffs. I cannot understand why some people talk and look one way and then act the other way. They remind me of a story, which I should not tell, of two English cockneys in a London fog who were going round a corner rather quickly. One fellow was cock-eyed and the other was cross-eyed. Then ran into each other, and one fellow said, "Why can't you look where you're going?" to which the other replied, "Why can't you go where you're looking?" Hon. members should look where they are going and go where they are looking. If you talk against this treaty, be men enough to vote against it. If you have faith in this treaty, quit talking against it and approve it. I suggest to those from western Canada that it would be a great mistake to vote against this treaty, which means much to the farmers of both the east and the west. It may not mean much to industry, but it is a great benefit to the dominion as a whole.

Mr. R. W. MAYHEW (Victoria, B.C.): Mr. Speaker, it is not my intention to delay this house for more than a few minutes, but I have a couple of points in mind that I do not think have been touched upon. In the six weeks I have been in this house listening to the debates I have become convinced of at least one thing, and it is that any and every government is condemned. It is ridiculed if it does nothing and seriously maligned if it attempts to do anything. I believe the government considered every aspect of this trade agreement and took the advice of competent men before presenting this measure to parliament. I am sure their opinion has not been changed by the debate that has taken place; on the contrary, I think a great many arguments have been presented that would tend to increase their faith in the agreement.

There is one argument I should like to present, and I do not intend to bring forth the scrap-book in order to prove it. Most of the quotations that have been read in this house during the past five or six weeks, particularly during the debate on the trade agreement, have not proved anything but the colour of the politics of those who wrote the articles. I believe this is a good treaty, and I will try to illustrate one of my reasons for so believing by citing the exports of milk and cream. The milk quota that Canada is allowed to send to the United States is 3,000,000 gallons, while the cream quota has been set at 1,500,000 gallons. The two together, converted into gallons of milk, mean 18,000,000 gallons which, if converted into butter, would mean 9,000,000 pounds. If we could remove 9,000,000 pounds of the surplus butter that is in Canada today, there would be quite a different picture in the market price of the remainder.

I mention that one point because it holds true in regard to any other commodity that might be suggested. The 1,000,000 bushels of potatoes is, in itself, not a great quantity, but surely it is not anticipated that the whole province of New Brunswick or the whole province of British Columbia will go into the growing of potatoes. In my opinion it is fortunate for us that we have to the south a country of 130,000,000 people where we can sell our small surplus, thereby keeping our own markets firm, without seriously interfering with their markets. If we should attempt to increase our quotas beyond what may be sufficient to take care of our surpluses, I think we would be on dangerous ground which might bring about the cancellation of the agreement.

There is one other point I should like to make in connection with lumber, in which we in British Columbia are very much interested.

Is it fair that the lumber of British Columbia should be sold in any market which does not return a fair, reasonable profit? By that I mean a profit which will give the labourers fair wages, which will provide a fair return on the money invested and which will allow some profit to those doing the business. In the old country we have to compete against cheap European labour, and on the lumber we ship there we cannot make sufficient profit to make it worth while. I say it is not fair that the natural resources of this country should be wasted. It takes a hundred years to grow a tree. Why should that tree be cut down with no one profiting from it?

It has been stated several times that United States business men were too smart for our business men. Well, I should not like to say that in many of the club rooms throughout this country unless there was a handy means of exit. I will say this: I believe the United States business man is shrewd. He is just so shrewd in making a deal that he would not use that shrewdness in a deal of this kind, because he wants it to last. If you want to trade in sharp practice you had better get into the horse trading business, not into permanent business conditions. I think the United States business man is just smart enough to try to make a good deal, yet one that is going to be fair and lasting to us all.

My last word is this: This is not a cure-all for all the ills we have in Canada. It is something that will help. Not only will it help, but it will help considerably. I hope the government, before parliament prorogues, will have many other measures brought forward which will assist in solving our problems.

Mr. NORMAN J. M. LOCKHART (Lincoln): Mr. Speaker, before I proceed with just a few of the brief comments I desire to make on the trade agreement which is now being so fully discussed in the house, I want to crave your indulgence by permitting me to speak from the seat properly belonging to the hon. member for Hamilton West (Mr. Marsh). My understanding is that hon. members are supposed to address the house from the seats allocated to them, but unfortunately those of us in the back row are still within the shadows, and I would appreciate making my remarks from a seat which is not my own.

First, may I say a word to the hon. member for Melfort (Mr. McLean) in reply to his reference respecting goods we sell in the United States, and the concessions made to us. He referred to the circumstance of 225,000 cattle being permitted to be sold in the United States. I happen to have before me the trade agreement, and I have been trying to find the joker in the pack. The reason why Mexico grabbed off nearly 50 per cent of the quota for the first three months is found at the bottom of the page, where it is stated that some consultations might be held before the quotas are finally established. That is the stipulation in the further provision set out in the foot note. I can now realize why Mexico captured nearly 50 per cent of the quota.

When I was home a week ago I learned about one cattle raiser who had fattened about forty head of cattle which he anticipated selling in Buffalo. It was his intention to make an effort to sell in the Buffalo market to which reference was made a few moments ago. He made inquiries, and the reply was, "Well, the only chance you have to take advantage of the lower rate of duty is to wait until after April 1, then watch your step and get in ahead of Mexico."

I have listened attentively to the many speeches which have been made on the merits and demerits of the Canada-United States and Great Britain-United States trade agreements. It is not my desire to prolong the debate, but in looking at yesterday's *Hansard* I find that at adjournment last night the Prime Minister (Mr. Mackenzie King) referred particularly to the fact that in all probability we would continue this debate through the entire day. Therefore I assume any hon. member has a right to continue the debate and make his observations.

At the outset I want to tell the hon. member for Wellington North (Mr. Blair) that it would not be in the mind of any right thinking Canadian to think of anything else than trading with other countries in a legitimate way. I believe Canada has demonstrated that by her example in the past, no matter what government might be in power. Canada is endowed with a great wealth of natural resources. No one will dispute that our future prosperity is, in a large measure, dependent upon the legitimate development of those resources. I am one who believes that far too much of our raw materials is now being shipped out of Canada without giving our Canadian workmen a greater share of the employment which would result from a greater development of our resources at home.

Many countries are not as richly blessed as we are, and were we more fully to protect our Canadian workmen by seeing to it that they enjoy a fuller measure of their reward, I believe that at least part of our unemployment problem would be solved. Surely there is no one who will argue that countries needing

our products would refuse to buy from us if we took steps more adequately to protect our own workmen.

It is interesting to note that predictions made from this side of the house early in the debate are showing evidence of coming true. I believe it was the leader of the opposition (Mr. Manion), the hon. member for Kootenay East (Mr. Stevens) and some other hon. members from this side who drew to the attention of the government the fact that the three per cent reduction in excise tax on items covered in the trade agreements would ultimately be extended in a general way, and that in reality this amounts to a further three per cent reduction in duty.

I believe recent observations of ministers of the government would indicate that this result is almost inevitable. It has been mentioned by one minister that this will probably mean a loss of several million dollars. I believe it was not many days ago the Minister of Trade and Commerce (Mr. Euler) indicated that this possible loss of revenue resulting from the decreased excise tax would be offset by increased trade. Let me say a word about that increased trade which would be required to make up the loss in revenue, which would probably amount to several millions of dollars.

I have endeavoured to ascertain what percentage of our imports are of manufactured products and what percentage are the products of basic industries. The best information I have received makes one hesitate to quote figures, because they are at variance, depending on the basis of calculations. I have no hesitation, however, in making the definite statement that a very large percentage of our imports is of manufactured products. Accordingly, if we are to increase our trade with countries which demand that we accept their manufactured products, how will that affect the jobs of our Canadian workmen? I say that in many instances they will be sacrificed to countries where the standard of living is much lower than we hope to maintain among our Canadian workers.

I should like to deal a little more at length with fruit and vegetables, because that is one item which is of vital importance to the peninsula from which I come. We see vast quantities of fruits and vegetables coming in from the United States. Figures have been placed on *Hansard* in answer to questions asked of the government, and it is not necessary to attempt to prove this statement at this time. The fact is that vast amounts of fruits and vegetables are being imported from the United States. Why do we find the fruit and vegetable growers of Canada during the past few months urging upon the government the great necessity of giving further protection to this great primary industry? If they were not alarmed, would they have gathered funds, as they did from their depleted revenues, to send three or four representatives to Washington to make a final fight for their rights? My information is that in one part of Canada where the growers were vitally affected, they raised the sum of $2,500 to send a few of their qualified men to plead their case in Washington. One has only to read the resolutions which have emanated from recent meetings of fruit and vegetable growers to realize how serious they consider their position to be. My opinion is that any government that was alive to the needs of the fruit and vegetable growers of this country would have worked in closer harmony instead of requiring these men to take these drastic steps to protect their interests.

It is not my desire to indulge in repetitions, and I urge hon. members to study the tables which were placed on *Hansard* last evening, I believe by the hon. member for Fraser Valley (Mr. Barber). I am in possession of a much more extensive survey than that which was placed on *Hansard* by the hon. member, and which appears on page 1259. I could add many more items to those already in print which would indicate the same trend of reduced protection and shortened in-season periods with which the fruit and vegetable growers are faced.

The hon. member for Melfort (Mr. McLean) referred to the concessions which had been made to us. I should like to place on *Hansard* some of the concessions which have been made to the United States. I have in my hand a bulletin prepared by the American Institute of Food Distribution, and I should like to place on *Hansard* a few excerpts from this booklet which is dated November 19, two days after the treaty was signed. I call particular attention to the heading of this article, which reads:

This digest of the agreement between the United States, Canada and the United Kingdom, including some fifty colonies, was prepared by the food institute staff from official material furnished by Washington.

This document was prepared from official material furnished by Washington. I quote:

Two new reciprocal trade agreements negotiated by Mr. Hull with the United Kingdom and her colonies and Canada—his 19th and 20th—cover the largest trading countries in the world. It applies to all parts of the British empire, including more than fifty non-self-governing colonies, with the exception of Australia, New Zealand, Union of South Africa,

Ireland, India, Burma and South Rhodesia. It goes into effect January 1 for an initial period of three years.

American farm products on which Great Britain granted concessions were valued in 1936 at more than $200,000,000. Our imports on which concessions were granted amounted to $141,500,000 in 1937. Canada has lowered duties on American products which in 1937 were valued at $241,000,000. American concessions to Canada covered products whose trade in 1937 totalled $121,000,000.

As far as it relates to the food industry, we got the best of the negotiations with Great Britain. We gave only negligible concessions on food in return for the major concessions Great Britain granted. Our principal concessions consisted of duty reductions in manufactured articles.

In the Canadian agreement, duties which were reduced in 1936 were further reduced. We gained substantial concessions on fresh, canned and dried fruits and vegetables in return for concessions on lumber, meats, fishery products, dairy products and some minor items like frozen blueberries. Following are analyses of individual bargains struck with Great Britain and Canada:

I want to repeat that this article is based on information supplied to this institute by Washington. The first item we hear about is the six cent preference on wheat. They say:

Wheat—Duty free treatment instead of six cents per bushel should prove of marked value —duty of this size often sufficient to divert trade. Concession should also benefit transportation business because of transshipments. United Kingdom is leading wheat import market of the world. Formerly one-fourth of United States exports went there. In 1930 shipments were 39,267,000 bushels, 20·1 per cent of United Kingdom's wheat imports; dropped to 9,000 bushels, ·05 per cent of the total, in 1933. In 1937 United States supplied 6,485,000 bushels, 3·6 per cent. United States probably will continue now on an export basis.

Then we come to oatmeal, rolled and flake oats, in connection with which they say:

Reduction of one-third should help restore substantial part of the former American share of United Kingdom market, which ranged from eleven to twenty-eight per cent from 1927 to 1931. New British duty in 1932 forced imports to decline heavily and since 1934 they have virtually ceased.

I come now to lard. Somebody has said that the farmers in some parts of this country are smiling. But what has been done about lard?

Lard—10 per cent ad valorem duty removed. This is the third ranking agricultural item in value imported by the United Kingdom (after cotton and tobacco) with the United States sending 55 per cent of its exports to the United Kingdom in 1937 compared with 29 per cent in 1929. Our lard business increased steadily until around 1934 (92 per cent) but from then on the American share dropped to around 38 per cent. Duty removal will tend to check the trend toward substitution of other fats and oils, also enable American lard to make substantial quantitative gains in United Kingdom.

I come next to apples, and a great many members of this house know something about apples:

Apples, fresh—reduced duty equivalent to 16 per cent ad valorem compared with 24 per cent, should help America regain a substantial portion of the market displaced by former duty. United States encouraging cooperation of apple exporters with empire fruits council to secure orderly marketing in United Kingdom, long the most important outlet for American apples, taking about 40 per cent of our exports—which comprise 10 per cent of our total crop.

There are many other items which time will not permit me to mention, but there are one or two more points in particular to which I wish to refer. The article goes on to refer to United States concessions to the United Kingdom, and then to concessions obtained from Canada by the United States. It says:

Concessions obtained from Canada (by United States)

Trade advantages are extended to many major farm products of the United States, including fruits and vegetables, meat products, grains and grain products. Agreement covers agricultural products valued at $47,000,000 in 1937, representing 90 per cent of all Canadian imports of our farm products.

Those are the concessions obtained from Canada, according to this report. It goes on:

Fresh fruits and vegetables constitute the chief item in the concessions granted by Canada.

There are other items, Mr. Speaker, which time will not permit me to mention.

Is it any wonder, that the fruit and vegetable growers have recently urged upon the government the necessity of 100 per cent fruit content in all processed fruits exported to the United Kingdom? I know that this question is giving the Minister of National Revenue (Mr. Ilsley) serious concern, and that he is giving it fair consideration. He must recognize that it is one of the last hopes our fruit and vegetable growers have left, and I strongly urge the government to listen to this plea of our growers.

Surely if this government, when negotiating these trade agreements, had taken our many Canadian interests more into their confidence, our primary and secondary producers would have been better served.

I do urge upon this government, and upon the new government that I anticipate will be formed in the very near future after the next election, and not by the party opposite, that they take steps to supply the fruit and vegetable industry with more accurate statistics. Acreages and values now supplied are wholly misleading and incorrect, and the growers have been complaining of that for years. Surely the industry deserves more consideration in that respect.

And dove-tailed in with all this is the effect which the treaty is going to have on employment. Primary and secondary industry supplies the employment for our people, and the curtailment of industry has an immediate effect on employment. I know this question is giving the Minister of Labour (Mr. Rogers) great concern, and he has probably only scratched the surface of the situation. But still we find headlines like this relating even to the city of Ottawa: "More unemployed men of Ottawa at Union Mission than ever before." So you do not have to go outside Ottawa to realize what the unemployment situation is. That headline appeared in this morning's Ottawa *Journal*. The day before yesterday eight young men appeared before the magistrate in my own city—eight in one day—all under twenty years of age. I say, Mr. Speaker, that this inroad on the basic and secondary industries of this country is the main factor in the unemployment situation.

We hear some members of the house praising this government because, they say, the consumer is able to buy this or that article a cent or two cheaper, although it is because we are increasing our purchases from countries where labour can be bought for a song. But who heard the consumer complaining a few years ago about the cent or two extra they had to pay for what they bought when everybody in the country was receiving a pay envelope? The conclusion is obvious. We must protect our basic and secondary industries against the inroads of cheap competition, and then our unemployment problems will immediately begin to disappear.

I note that the hon. Minister of Labour, speaking in Toronto this week, suggested that reductions be made in provincial governments. I suggest that he begin at Ottawa to find the solution for a balanced budget. Every taxpayer in this country is awaiting with anxiety the budget soon to be brought down by the hon. Minister of Finance (Mr. Dunning). We have had an expression of opinion in the last few days from a small cross-section of one part of Canada, in the ballots that have been sent to every member of this house. Surely it is time that this government and all governments woke up to the lavish expenditures by governments and to our increasing national debt. If it continues, I warn the minister that the recent flood of ballots into Ottawa from one small cross-section of the country will be insignificant compared with the outcry that will be raised against this government from coast to coast if the next budget presents no evidence of economy being practised. I think it behooves this government not to talk about provincial governments first cutting down their expenditures and balancing their budgets. It is all very well to talk about reductions by the provinces but Canada is looking to Ottawa to lead the way.

I have just one other thought in closing. We have heard considerable in this debate about economic appeasement, but there is an appeasement required within the boundaries of Canada that is far more necessary at this moment than to attempt, as has been done in this house, to raise the cry of international appeasement from without. We have all heard in our school days the tale of Nero fiddling while Rome burned, but I see from press reports to-night that there is further provincial appeasement confronting this government and of a nature that will keep them busy during the next few months to come.

I am in full accord with the principle of trading with nations that desire to trade with us on a reasonable basis, but I am definitely opposed to trade agreements that take away a part of the birthright of our Canadian people.

On motion of Mr. Turgeon the debate was adjourned.

On motion of Mr. Ilsley the house adjourned at 10.59 p.m.

[Mr. Lockhart.]

Monday, February 27, 1939

The house met at three o'clock.

STANDING COMMITTEES

PUBLIC ACCOUNTS—CHANGE OF PERSONNEL

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

That the name of Mr. Kennedy be substituted for that of Mr. Elliott (Kindersley) on the standing committee on public accounts.

Motion agreed to.

PRIVILEGE—MR. KENNEDY

EDITORIAL IN EDMONTON BULLETIN OF FEBRUARY 23, 1939

On the order for motions:

Mr. O. A. KENNEDY (Edmonton East): Mr. Speaker, I rise to a question of privilege. In the Edmonton *Bulletin* of February 23, 1939, appears the following editorial:

Three provinces block the way.

A national unemployment insurance scheme will be set up at the present session of parliament if the governments of Alberta, Quebec and New Brunswick will agree to a constitutional amendment giving parliament power to establish such a system.

This was stated in definite terms by Hon. Norman Rogers on Tuesday. Parliament was

only prevented making an all but unanimous declaration of approval of such a scheme by the member for Edmonton East, who talked against the clock until closing time. If his idea was to avoid having to take a stand on the issue, he succeeded for the day.

Mr. MACKENZIE KING: What is the hon. member reading?

Mr. SPEAKER: I understand the hon. member is rising to a question of privilege.

Mr. MACKENZIE KING: There is no question of privilege there.

Mr. KENNEDY: This statement is absolutely untrue. I did not talk until closing time, and I did not try to avoid taking a stand on the issue. I definitely stated my stand while speaking. I wish for the benefit of the Edmonton *Bulletin* to give the true facts of the case.

Some hon. MEMBERS: Order.

Mr. SPEAKER: I think the hon. member has stated his question of privilege.

Mr. KENNEDY: I should like to show that it was not I who talked the debate out on that day. I think I should have the right—

Mr. SPEAKER: I think all hon. members understand the hon. member's question of privilege.

Mr. KENNEDY: I am pointing out that none of the members from the three provinces who are accused by this editorial of blocking the way was able to speak until 9.45 on that evening. I think in fairness those members should have been allowed to speak.

Some hon. MEMBERS: Order.

Mr. SPEAKER: I think the hon. member should resume his seat. He has stated his question of privilege.

UNEMPLOYMENT

RELIEF OF TRANSIENT UNEMPLOYED EX-SERVICE MEN IN OTTAWA

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): I desire to ask the Minister of Pensions and National Health (Mr. Power) whether it is possible for him to take any action with respect to the relief of ex-service men among the transient unemployed for whom food and shelter cannot any longer be provided in Ottawa, and who cannot establish domicile elsewhere.

Hon. C. G. POWER (Minister of Pensions and National Health): If the persons on behalf of whom the hon. member is making representation are pensioners, they are entitled to unemployment assistance. If they are unfit and unemployable, they are entitled to war veteran's allowance. If they are fit and for the moment unemployed, they have the same privileges as any other citizen. I may add that I think my hon. friend knows that just as well as I do.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NATIONAL HOUSING ACT—APPLICATION FOR LOANS UNDER PART II

Mr. GREEN:

1. Have any applications been received for loans under part II of the National Housing Act, 1938?

2. If so, which of such applications were made by limited-dividend housing corporations, and which by other local housing authorities, and what was the amount applied for in each case?

3. What applications have been approved?

4. If any applications have been rejected, upon what grounds were the respective applications rejected?

Mr. DUNNING: No formal applications for loans have been received under part II of the National Housing Act, 1938. Representatives of various municipalities and several groups of private persons interested in the formation of limited-dividend housing corporations have been in touch with the Department of Finance and have received information, advice and technical assistance in connection with the organization of local housing authorities and the preparation of detailed plans for low-rental housing projects.

In most provinces action still has to be taken by the provincial government to enable the municipalities of the province concerned to grant partial tax exemption to low rental housing projects and otherwise comply with the terms of the act.

LOANS UNDER HOUSING AND HOME IMPROVEMENT ACTS—ISLAND OF MONTREAL

Mr. MALLETTE:

How many loans, and for what total, have been made so far to the different municipalities on the island of Montreal under: (a) the Dominion Housing Act; (b) the Home Improvement Act; (c) the National Housing Act?

Mr. DUNNING:

(a) and (c). Up to January 31, 1939, the number and amount of dominion and national housing act loans made in municipalities on Montreal island are as follows:

Municipality	Dominion Housing Act Loans	Family Housing Units	Amount	National Housing Act Part I Loans	Family Housing Units	Amount
Baie d'Urfe	2	2	$ 9,150	..	..	$ ....
Cote St. Luc	14	31	134,050	6	6	24,000
Dorval	4	4	17,700	1	1	3,300
Hampstead	49	97	499,286	12	40	170,030
Lachine	11	11	43,950	9	9	27,680
Montreal	211	505	2,087,752	48	211	693,840
Montreal East	1	1	4,000	..	..	....
Montreal West	3	19	66,700	6	11	43,900
Mount Royal	118	183	1,011,241	31	37	220,900
Outremont	52	149	720,240	5	72	236,720
Pointe aux Trembles	..	..	....	1	1	3,000
Pointe Claire	16	17	59,316	5	5	19,960
Ste. Genevieve	..	..	....	1	1	8,000
St. Laurent	7	8	37,000	3	3	9,000
Saraguay	..	..	....	1	1	9,000
Senneville	2	2	14,250	1	1	8,000
Strathmore	..	..	....	1	1	3,800
Valois	6	6	22,440	..	..	....
Verdun	3	4	17,700	4	4	14,880
Ville St. Pierre	1	1	3,850	6	6	23,500
Westmount	10	10	113,725	1	1	15,000
Total	510	1,050	$4,862,350	142	411	$1,534,510

(b) Up to January 31, 1939, the number and amount of home improvement loans made in municipalities on Montreal island are as follows, by municipality:

Municipality	Number	Amount
Cartierville	21	$ 7,665 00
Lachine	95	52,999 02
LaSalle	19	7,242 00
Mount Royal	23	13,295 16
Montreal	2,866	1,547,186 45
Outremont	56	41,760 67
Pointe Aux Trembles	4	1,458 54
Pointe Claire	54	27,561 38
Ste. Anne de Bellevue	9	4,650 00
Ste. Genevieve	2	1,600 00
St. Laurent	26	14,505 00
Verdun	185	68,395 12
Ville St. Pierre	15	5,425 00
Westmount	104	60,981 42
Total	3,479	$1,854,724 76

ST. GEORGES DE BEAUCE, QUE., POST OFFICE SITE

Mr. HÉON:

1. Did the dominion government purchase a piece of land for the building of a post office at St. Georges, Beauce county, within the last four years?
2. If so, from whom was such land purchased?
3. At what price?

Mr. CARDIN:

1. Yes, in September, 1938.
2. Mathias Dutil.
3. $3,250.

SHORTENING MADE FROM VEGETABLE OILS AND ANIMAL FATS

Mr. HYNDMAN:

How much shortening was made from vegetable oils imported into Canada from other countries in each of the years 1934, 1935, 1936 and 1937?

[Mr. Dunning.]

Mr. EULER: Statistics of the production of vegetable shortening do not make distinction between the quantity produced from imported refined oils and that made from oils refined in Canada. The total production of shortening from vegetable oils in Canada follows:

	Pounds
1934	81,215,669
1935	99,991,293
1936	108,383,811
1937—In the slaughtering and meat packing industry	72,926,866

Production in the miscellaneous food industries group for 1937 is not available.

Mr. PERLEY:

How much shortening was made from vegetable oils produced in Canada, in each of the years 1934, 1935, 1936 and 1937?

Mr. EULER: Statistics of the production of vegetable shortening do not make distinction between the quantity produced from oils refined in Canada and that produced from imported refined oils. The total production of shortening from vegetable oils follows:

	Pounds
1934	81,215,669
1935	99,991,293
1936	108,383,811
1937—In the slaughtering and meat packing industry	72,926,866

Production in the miscellaneous food industries group for 1937 is not available.

Mr. PERLEY:

How much shortening was made in Canada from animal fats, in each of the years 1934, 1935, 1936 and 1937?

Mr. EULER: Production of shortening made from animal fats:

	Pounds
1934	7,159,809
1935	6,702,357
1936	7,345,455
1937	9,297,422

Mr. PERLEY:

How much shortening was made in Canada from vegetable oil and animal fats in each of the years 1934, 1935, 1936 and 1937?

Mr. EULER: Total production of shortening (vegetable and animal):

	Pounds
1934	88,375,478
1935	106,693,650
1936	115,729,266
1937—In the slaughtering and meat packing industry	82,224,288

Production in the miscellaneous food industries group for 1937 is not available.

Mr. TUSTIN:

How much shortening was produced by all industries in Canada from vegetable oils in each of the years 1934, 1935, 1936, 1937 and 1938?

Mr. EULER:

Quantity of shortening produced by all industries in Canada from vegetable oils in each of the years 1934, 1935, 1936, 1937 and 1938:

	Lb.
1934	81,215,669
1935	99,991,293
1936	108,383,811
1937, in the slaughtering and meat packing industry	72,926,866
Production in the miscellaneous food industries group for 1937 not available.	
1938	Not available

FARMERS' CREDITORS ARRANGEMENT ACT—ONTARIO

Mr. MARSH:

1. How many farmers in Ontario effected a settlement under the Farmers' Creditors Arrangement Act during 1938?
2. How many were there in the county of Wentworth?

Mr. DUNNING:

1. 2,289.
2. 68.

COAL IMPORTS

Mr. MARSH:

What was the total tonnage of foreign coal imported into Canada year by year, 1929 to 1938 inclusive, and from what countries?

[Mr. Marsh.]

Mr. EULER:

Tonnage of Coal Imported into Canada for Consumption by Countries (Fiscal Years ended March 31, 1929-1938)

Country	Fiscal Years									
	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
	tons	tons	tons	tons	tons	tons	tons	tons	tons	tons
United Kingdom	699,882	907,905	1,063,627	1,005,936	1,814,162	1,934,242	1,939,266	1,835,384	1,468,831	1,194,317
British South Africa	328	.....	.....	.....	.....	.....	.....	.....	.....	.....
Newfoundland	37	51	23	.....	2	.....	30	.....	286	.....
Belgium	1	.....	.....	650	.....	.....	17,557	67,220	37,836	8,953
China	.....	.....	.....	.....	.....	6	.....	.....	1,120	.....
French East Indies	.....	.....	1,122	4,592	700	.....	.....	39,630	34,741	50,193
Germany	.....	.....	11,480	60,762	52,189	144	72,103	204,416	365,437	294,985
Japan	.....	112	.....	.....	.....	.....	300	.....	.....	417
Morocco	.....	.....	.....	.....	.....	.....	.....	.....	.....	78
Netherlands	1,102	.....	.....	.....	.....	.....	.....	.....	16,231	.....
Poland and Danzig	.....	.....	.....	.....	.....	.....	.....	1	.....	.....
Russia (U.S.S.R.)	15,920	114,724	284,271	.....	.....	.....	.....	.....	.....	153,050
Sweden	.....	.....	.....	.....	.....	.....	.....	.....	25	.....
United States	17,060,916	17,475,066	15,949,553	12,045,350	9,178,127	9,720,999	10,797,772	10,263,187	11,429,255	12,927,906
Alaska	.....	22	.....	.....	.....	2	40	3	.....	.....
Total Imports	17,778,186	18,497,880	17,310,076	13,117,290	11,045,180	11,655,393	12,827,068	12,409,841	13,353,762	14,629,899

OLD AGE PENSIONS

Mr. MARSH:

How many persons in Canada were receiving old age pensions on January 1, of each of the years 1935, 1936, 1937 and 1938, and what was the total amount paid each of the said years?

Mr. DUNNING:

Number of persons receiving old age pensions: January 1, 1935, 98,111; 1936, 107,279; 1937, 123,441; 1938, 174,889.

Dominion government contributions during calendar years: 1935, $16,140,226.84; 1936, $17,967,378.78; 1937, $28,726,691.24; 1938, $28,081,618.09.

GOLD EXPORTS

Mr. MARSH:

What was the total amount and values of all gold coin and bullion which left Canada during the calendar years 1930, 1935, 1936, 1937, and 1938, and the amounts to each country?

Mr. EULER:

	Calendar Years				
Domestic exports—	1930	1935	1936	1937	1938
Gold bullion non-monetary—					
United Kingdom..Oz.	....	96,992	126,845	71,592	....
$	....	3,395,500	4,476,000	2,511,436	....
United States..Oz.	....	2,649,419	1,912,392	2,958,450	1,933,454
$	....	92,594,734	67,012,985	103,212,704	67,611,818
Cuba..Oz.	....	....	....	....	1,773
$	....	....	....	....	47,477
Total..Oz.	....	2,746,411	2,039,237	3,030,042	1,935,227
$	....	95,990,234	67,012,985	105,724,140	67,659,295
Gold coin—					
United States..$	750	....	....	....	....
Total..$	750	....	....	....	....
Exports of foreign produce—					
Gold coin non-monetary—					
United Kingdom..$					21,963,796
United States..$					2,564,823
France..$		Not separately recorded prior to			2,863,830
Netherlands..$		April 1, 1938			4,199,681
Switzerland..$					597,906
Total..$	....	....	....	....	32,190,036
Gold bullion non-monetary—					
United Kingdom..Oz.	....	....	....	....	....
$	....	....	....	....	....
United States..Oz.	....	....	....	372	....
$	....	....	....	12,999	....
Total..Oz.	....	....	....	372	....
$	....	....	....	12,999	....
Gold coin (includes non-monetary prior to April 1, 1938)—					
United Kingdom..$	....	7,136,666	4,288,332	9,082,262	13,361,835
United States..$	18,003,660	2,464,701	457,875	926,350	10,676,580
Netherlands..$	....	....	....	1,299,137	2,837,787
Newfoundland..$	500	....	....	....	....
Switzerland..$	....	....	....	722,750	1,536,775
Total..$	18,004,160	9,601,367	4,746,207	12,030,499	28,412,977

AIR MAIL, TORONTO AND HAMILTON

Mr. MARSH:

1. Has the Postmaster General received any submission or plan from the trans-Canada airways relating to the conveyance of air mail between Hamilton and Malton airports, or between Hamilton and Toronto island airports?

2. Is the Postmaster General considering any plan regarding this, and, if not, will he do so?

Mr. McLARTY:

1. No.

2. Schedules on trans-Canada air mail service are being so adjusted as to give the maximum benefits not only to points immediately en route, but also to important postal centres off the route.

CAMPBELLTON, N.B., DEEP WATER WHARF

Mr. BROOKS:

1. Is the federal government carrying on a relief work program in the vicinity of the Deep Water wharf at Campbellton, Restigouche county, New Brunswick, and wholly paid by the federal government?

2. If so, under what department at Ottawa is the expenditure being made, and who is responsible for the administration of said expenditure?

3. What are the names of the various foremen or supervisors, and what is the remuneration to each?

4. Is this work being carried on under the patronage system or is the town council and poor commissioner consulted with a view of giving as many needy men employment as possible?

Mr. CARDIN:

1. (a) Additional fill is being placed in the rear of the extension to the deep water wharf by day labour rather than by contract, in order to assist in the unemployment situation at Campbellton; (b) Yes.

2. (a) Department of Public Works; (b) District engineer.

3. Two foremen (Thomas N. Dickie and Harry Comeau) at $5 a day each.

4. In the execution of the work, as far as practicable and consistent with reasonable efficiency and economy, first consideration is given to the employment of those who, if available and competent, are most in need in the locality in which the works are to be performed, without any discrimination whatsoever, preference being shown to unemployed ex-service men and unemployed married and single men with dependents.

NATIONAL HOUSING ACT, NOVA SCOTIA

Mr. BROOKS:

1. What municipalities in the province of Nova Scotia took advantage of the National Housing Act, 1938, and its predecessor, Dominion Housing Act?

2. How many applications for loans under each of the said acts were granted in each of the said municipalities, and what was the amount of each loan in each incorporated town or village of each county?

Mr. DUNNING:

To January 31, 1939

	Dominion Housing Act			National Housing Act			Total		
	Loans	Units	Amount	Loans	Units	Amount	Loans	Units	Amount
Amherst	..	..	$	1	1	$ 2,482	1	1	$ 2,482
Annapolis Royal	1	1	3,500	..	..	.....	1	1	3,500
Antigonish	..	..	.....	1	1	3,500	1	1	3,500
Armdale	3	3	9,900	1	1	5,600	4	4	15,500
Bedford	1	1	4,000	..	..	.....	1	1	4,000
Birch Cove	3	3	10,194	..	..	.....	3	3	10,194
Bras d'Or	..	..	.....	1	1	5,000	1	1	5,000
Bridgewater	..	..	.....	1	1	6,500	1	1	6,500
Chester Basin	1	1	2,100	..	..	.....	1	1	2,100
Dartmouth	48	48	170,751	1	1	3,200	49	49	173,951
Glace Bay	..	..	.....	2	2	7,000	2	2	7,000
Greenfield	..	..	.....	1	1	2,500	1	1	2,500
Halifax	228	231	1,042,153	30	34	126,730	258	265	1,168,883
Halifax County	3	3	10,514	1	1	4,000	4	4	14,514
Kentville	18	18	74,450	..	..	.....	18	18	74,450
Liverpool	7	7	31,275	..	..	.....	7	7	31,275
Lockport	..	..	.....	1	1	2,600	1	1	2,600
Lunenburg	1	1	3,600	..	..	.....	1	1	3,600
Middleton	..	..	.....	1	1	2,500	1	1	2,500
Milford	..	..	.....	1	1	3,000	1	1	3,000
Rockingham	1	1	6,000	..	..	.....	1	1	6,000
Sydney	21	21	97,300	8	8	34,300	29	29	131,600
Truro	22	22	113,790	5	11	26,040	27	33	139,830
Windsor	..	..	.....	1	1	3,200	1	1	3,200
Wolfville	5	5	24,700	..	..	.....	5	5	14,700
Yarmouth	9	9	30,271	..	..	.....	9	9	30,271
	372	375	$1,634,498	57	67	$238,152	429	442	$1,872,650

ROYAL VISIT TO CANADA—PARTICIPATION OF RETURNED SOLDIERS AND SCHOOL CHILDREN

Mr. CHURCH:

1. What arrangements have been made for the participation of returned soldiers and school children throughout Canada at the various receptions during the coming visit of His Majesty?

2. Has federal power, during the visit, been delegated to the provinces over the heads of the chief municipalities in the dominion?

3. If so, what precedent is there for such procedure?

4. Has the attention of the government been called to the refusal to the board of education of Toronto of leave to include visit to 22,000 school children at the University of Toronto stadium, after the visit to Hart House?

[Mr. Brooks.]

Mr. MACKENZIE KING:

1. In a statement issued by the Prime Minister of Canada on January 5, 1939, setting out principles to guide Canadian authorities who may be in charge of arrangements for the visit to Canada of Their Majesties, the following appears:

"Wherever possible, special provision should be made to afford children, young persons, and veterans of the great war opportunities of seeing the king and queen."

2. His Majesty having graciously intimated his desire, if possible, to visit the capitals of the provinces, communications have been had with the provincial authorities, who are co-operating with the heads of the municipalities.

3. In connection with the silver jubilee of His Majesty King George V in 1935, communications in respect to celebrations in various cities, towns and other municipalities were had through the provincial authorities.

4. No.

NATIONAL DEFENCE—STATIONARY SEARCHLIGHTS

Mr. MacNEIL:

1. Has any manufacture been undertaken in connection with the contract now under consideration with respect to stationary searchlights for the Department of National Defence?

2. If so, by what firm has such manufacturing been undertaken?

3. Has such manufacture complied with the specifications furnished by the Department of National Defence?

4. Has any claim been presented to the Department of National Defence or the government with respect to such manufacture, and, if so, what is the amount involved?

Mr. MACKENZIE (Vancouver):

1. No.

2, 3 and 4. Answered by No. 1.

RAILWAY MILEAGE IN CANADA

Mr. LECLERC:

1. What is the total railway mileage in Canada?

2. What is the total railway mileage in each of the provinces?

3. How many miles of railway have been discontinued in each province since 1930?

Mr. EULER:

Province	Mileage Dec. 31, 1937	Mileage discontinued since 1930 (1)	Difference in Mileage Dec. 31 1930-1937
Prince Edward Island	286·05	.....	.....
Nova Scotia	1,397·21	20·16	— 20·41
New Brunswick	1,871·21	62·99	— 62·90
Quebec	4,813·76	162·50	— 77·60
Ontario	10,692·38	359·74	—245·32
Manitoba	4,859·54	85·76	+439·85
Saskatchewan	8,775·82	1·53	+610·27
Alberta	5,750·93	47·38	+170·16
British Columbia	3,882·84	229·94	—138·66
Yukon	57·72	.....	.....
Total	42,387·46	970·00	+675·39
Canadian railways in the United States	339·38	·09	+ 5·00
Total	42,726·84	970·09	+680·39

(1) Includes lines taken up, ceased operating, and main track reclassified as sidings and industrial track, but does not include corrections and decreases from realignment.

TABLE OF PRECEDENCE

Mr. CHURCH:

1. In view of the statute of Westminster, is there now any table of precedence in Canada adopted by law, statute, usage or custom?

2. If so, what is the said table, when was it authorized, and by whom?

3. Is the revised table of precedence for Canada, December 3, 1923, as amended, now in force, and with what additions or amendments?

4. Is the said table binding in all Canada, including the provinces, and on the lieutenant-governors thereof?

5. Is the frequent use of viceroy or vice-regal party by lieutenant-governors authorized or sanctioned by any law, statute, usage or custom in Canada, and by what authority?

6. Has the attention of the government been called to the table of precedence issued in Ontario, December 20, 1938, from the office of the Lieutenant-Governor of Ontario, Legislative Buildings, Queen's park, Toronto?

7. If so, what authority has the said table of precedence?

8. Has such a table been authorized by the sovereign or by the government of Canada?

9. If so, will it apply on formal occasions during the visit to Canada by His Majesty the King.

10. Was such table published in the *Canada Gazette*, as required, and on what date?

Mr. MACKENZIE KING:

1. The table of precedence at present in use for dominion functions in Canada is the revised table of precedence for Canada 1923 (as amended).

2. The revised table of precedence for Canada 1923 was approved by His Majesty the King and sent to his excellency the governor general by dispatch of the secretary of state for the colonies of the 3rd December 1923.

3. Yes. Since 1923 the table has been amended by providing a place for former prime ministers of Canada who have held the office of prime minister for at least one year, and by providing that the Prime Minister of Canada shall be placed immediately after the Governor General.

4. The revised table of precedence for Canada 1923 (as amended) governs functions of an official character arranged by the dominion government.

5. There is no statutory reference in so far as the government is aware.

6. No information.

7. Answered by 6.

8. Answered by 6.

9. It will not be applied at functions of an official character arranged by the dominion government.

10. Answered by 6.

MAJOR J. E. HAHN

Mr. MacNEIL:

1. Was Major J. E. Hahn, president, John Inglis Company, Toronto, carried as a passenger in planes of the Royal Canadian Air Force during 1936, 1937 and 1938?

2. If so, was permission granted by the Department of National Defence for such flights?

3. What were the number of flights in each year, and between what points?

Mr. MACKENZIE (Vancouver):

1. No.

2 and 3. Answered by No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SHELL OR AMMUNITION BOXES

Mr. TUSTIN:

1. How many contracts have been awarded for the manufacture of shell or ammunition boxes?

2. To what firms or individuals have such contracts been awarded?

3. What is the sum involved in respect of each contract, giving the unit basis from which said sum is derived?

4. Were such contracts awarded on: (a) competitive bids; (b) selected bids?

5. What deliveries, if any, have been made in respect to said contracts?

BOOKS AND PUBLICATIONS FORBIDDEN USE OF MAILS

Mr. MARSH:

How many books and publications are at the present time on the list of those not permitted to pass through the mails?

MORTGAGE AND BOND STATISTICS

Mr. MARSH:

1. What was the amount, by provinces, of default in municipal bonds each year for the years 1930, 1935, and 1938?

2. What was the total corporation bonded debt of Canada, by provinces, for the years 1930, 1935, and 1938?

3. What was the amount of default in farm mortgages, by provinces, for the years 1930, 1935 and 1938?

[Mr. Mackenzie King.]

Mr. DUNNING: Some of this information will not be in the possession of the government, but we will supply what information we can in the return.

PRINCE EDWARD ISLAND NATIONAL PARK

Mr. WALSH:

1. How much land has been acquired by the provincial government or the dominion government, or both, for the new national park in the province of Prince Edward Island?

2. What is the total amount paid up to date for this land?

3. What is the approximate amount yet to be paid for land to be included in this park?

4. How much money has the government spent to date on this project, exclusive of land?

5. What is the estimated total cost of this project?

6. What amount has the government spent to date on the golf course to be located in this park?

7. What is the estimated cost of this golf course?

Mr. CRERAR: Some of this information is not in the hands of the government, but what information is available can be brought down in the return.

GOVERNMENT SCHOLARSHIPS

Mr. HAYHURST:

1. Are any scholarships of any kind granted by the Canadian government at the present time?

2. If so, what scholarships were granted last year?

SPRUCE TREES, CALGARY BARRACKS

Mr. McGREGOR:

1. Have any spruce trees been purchased for the decoration of the grounds surrounding the military barracks in the city of Calgary?

2. If so, from whom were said trees purchased?

3. What is the residence of the vendor?

4. Were tenders asked for in connection with the said purchase?

5. If so, what are the names of those who tendered, together with prices submitted?

6. Are there any spruce trees available in the province of Alberta?

YOUTH TRAINING PLAN, QUEBEC

Mr. WALSH:

1. How many received training under the youth training (Rogers-Bilodeau) plan in the province of Quebec, for the training period just previous to October 1, 1938?

2. How many of the above were French-speaking, and how many English-speaking?

3. How many are enrolled for the training period October 1 to March 31?

4. How many, of those referred to in question 3, are French-speaking, and how many English-speaking?

5. Is the instruction in these youth training plans given in both French and English?
6. How many, of those referred to in question 1, found employment as the result of that training?
7. What was the cost of each training period referred to in questions 1 and 3?
8. How many days actual training are given under this youth training plan?

ALIEN LABOUR ACT

Mr. CHURCH:

1. Who is in charge of the enforcement of the Alien Labour Act, and is it now in force?
2. Will the government table any departmental reports about its effect or use?
3. Have any complaints been received about lack of enforcement, and the effect of non-enforcement on unemployment in Canada?
4. How many aliens have been admitted into Canada under the said act: (a) from the United States; (b) from the United Kingdom; (c) from the continent of Europe, to take positions in Canada, during each of the years 1937, 1938 and 1939?

CANADA'S FOREIGN LEGATIONS

Mr. CHURCH:

1. How many foreign legations does Canada maintain, and where are they located?
2. What has been the annual maintenance and capital cost of each since their opening to date?
3. What does the staff of each consist of, and what are the salaries and other allowances?
4. Has Canada also commercial, immigration or other Canadian offices at each of these places?

MONTREAL CONSTRUCTION SUPPLY & EQUIPMENT COMPANY—MACHINERY FOR SHELL MANUFACTURE

Mr. MacNEIL:

1. Has the government entered into any agreement to supply or loan dominion government equipment or machinery to the Montreal Construction Supply and Equipment Company, Limited, Montreal, for the manufacture of shells?
2. If so, what was the type of machinery or equipment involved, the estimated value and the place or places from which it was to be procured?
3. Has any such machinery or equipment been removed from government plants to the premises of the Montreal Construction and Supply Equipment Company, Limited?
4. Has any report been received by the Department of National Defence as to the cost of such removal, installation and overhaul and what is the amount involved?
5. Has any claim been made against the dominion government in this regard?
6. If so, what action has been taken with regard to such claim?

DOMINION GOVERNMENT EMPLOYEES

Mr. MacINNIS:

1. What was the total number of persons in the employ of the dominion government as at March 31, 1937: (a) permanent; (b) temporary?
2. How many of such (1) permanent and (2) temporary employees are receiving: (a) less than $500 per year; (b) $500 but less than $1,000; (c) $1,000 but less than $1,500; (d) $1,500 but less than $2,000; (e) $2,000 but less than $3,000; (f) $3,000 but less than $4,000; (g) $4,000 but less than $5,000; (h) $5,000 but less than $6,000; (i) $6,000 but less than $7,000; (j) $7,000 but less than $9,000; (k) $9,000 but less than $12,000; (l) $12,000 but less than $15,000; (m) $15,000 and over?
3. How many of these persons are employed for only part of the year?
4. What was the total number of persons in the military, naval and air force branches of the Department of National Defence as at March 31, 1937?
5. How many of such employees are receiving: (a) less than $500 per year; (b) $500 but less than $1,000; (c) $1,000 but less than $1,500; (d) $1,500 but less than $2,000; (e) $2,000 but less than $3,000; (f) $3,000 but less than $4,000; (g) $4,000 but less than $5,000; (h) $5,000 but less than $6,000; (i) $6,000 but less than $7,000; (j) $7,000 but less than $9,000; (k) $9,000 but less than $12,000; (l) $12,000 but less than $15,000; (m) $15,000 and over?
6. How many of these persons are employed for only part of the year?

Mr. DUNNING: I have not had a chance to examine this question since it has been substituted for the one previously withdrawn, but I will do the best I can with it.

MOTIONS FOR PAPERS

THREE RIVERS GRAIN AND ELEVATOR COMPANY

Mr. BROOKS (for Mr. Walsh):

For a copy of the lease or contract entered into between the government of Canada in 1936 and the Three Rivers Grain and Elevator Company; and also a copy of any amendment to this lease or contract, or any additional lease granted to this company by the federal government subsequent to the signing of the first lease.

J. ARTHUR GARIEPY

Mr. PERLEY (for Mr. Héon):

For a copy of all correspondence, letters, telegrams and other documents, dated during the past three years, exchanged between the dominion government and any other person relative to J. Arthur Gariepy, pilot of Bienville, Levis county, province of Quebec, and pilotage in the Quebec-Montreal district.

ST. GEORGES DE BEAUCE, QUE., POST OFFICE

Mr. PERLEY (for Mr. Héon):

For a copy of all correspondence, letters, telegrams, petitions and other documents exchanged, during the last four years, between the dominion government and any other person in connection with the construction of a post office at St. Georges, Beauce county, province of Quebec.

NATIONAL EMPLOYMENT COMMISSION

Mr. DOUGLAS (Weyburn) (for Mr. Kennedy):

For a copy of all letters, telegrams, reports and other documents in the possession of the

Department of Labour or any other department of the dominion government, which passed between the chairman of the national employment commission or any member of said commission and the government of the province of Alberta.

REPORTS OF CANADIAN AGRICULTURAL COMMISSIONER IN GREAL BRITAIN

Mr. ROWE (Dufferin-Simcoe):

For a copy of all papers, letters, telegrams and other documents exchanged between the honourable the Minister of Agriculture or his department or any officer thereof and Mr. Allen, Canadian agricultural commissioner in Great Britain, respecting Canadian agricultural products entering Great Britain, together with a copy of all reports made by the above named commissioner since his appointment.

Mr. GARDINER: Before this motion is carried I should state that there will be some correspondence between this official and the department relating to individual plants, such as packing plants, which I do not think it would be wise to make public. Apart from correspondence of that type, however, I believe all the correspondence can be brought down.

NEW GLASGOW, N.S., WHARF

Mr. BROOKS:

For a copy of all correspondence, letters, telegrams, plans, engineers' reports, contracts, expenditures, payrolls and other documents in connection with repairs made to the New Glasgow wharf, Pictou county, Nova Scotia, during the years 1937 and 1938, together with a statement showing the estimated cost to complete such repairs.

BAILEY'S BROOK, N.S., CHANNEL

Mr. BROOKS:

For a copy of all papers, letters, telegrams, contracts, invoices, pay sheets, engineers' and inspectors' reports, specifications and other documents with respect to the dredging of Bailey's brook channel, Pictou county, Nova Scotia, during the years 1937 and 1938.

MONTREAL CONSTRUCTION, SUPPLY AND EQUIPMENT COMPANY

Mr. MacNEIL:

For a copy of all orders in council, correspondence, telegrams, reports, contracts and other documents, relating to the contract awarded to the Montreal Construction Supply and Equipment Company, Limited, Montreal, for the manufacture of shells.

Mr. MACKENZIE (Vancouver): Before this motion is carried I should like to inform the house that the contract itself was tabled in this house on January 13. There is, of course, no objection whatever to producing the other documents asked for by my hon. friend.

[Mr. T. C. Douglas.]

WHEAT POLICY

FIXING OF PRICE AT NINETY-FIVE CENTS PER BUSHEL FOR NO. 1 NORTHERN

Mr. C. E. JOHNSTON (Bow River) moved:

That, in the opinion of this house, this parliament should immediately take such steps as are necessary to insure the farmers of Canada a fixed price of ninety-five cents per bushel for number one northern wheat at their local elevator.

He said: Mr. Speaker, I am pleased to have the opportunity at this session of parliament of introducing the resolution which appears on the order paper in my name. I am aware that the government intends to bring down legislation with regard to farm insurance, but I assure you, Mr. Speaker, that I do not intend to dwell on that point, because I think we are all in agreement that some form of farm insurance should be inaugurated in this country; in fact I think such legislation is long overdue. This resolution, however, deals with an entirely different matter, that of a set price for the producers, and I think it is most opportune that we should consider this question now.

I have before me an extract from the Ottawa *Citizen* of February 20, 1939. This purports to be an interview with the Minister of Agriculture:

Under the new legislation the government will hope to confine its grain marketings assistance to farmers who find themselves hard pressed economically through no fault of their own and only through emergency conditions.

"The new legislation" Mr. Gardiner said in an interview, "will provide machinery by which the government may come to the assistance of an average farmer who farms with an average degree of efficiency and through no fault of his own but due to emergency conditions over which he has no control finds himself in danger of losing his farm."

Emergency conditions might mean drought, grasshoppers or the condition of international wheat markets. The aid will be in the form of acreage bonus which will apply to coarse grains as well as wheat. The general resources of the farmer will be taken into consideration, it was learned.

The acreage bonus will be dependent on the extent of crop failure a farmer suffers. For example, a farmer who has a crop of ten bushels to the acre would not receive as much acreage bonus as one whose crop only returned five bushels an acre.

My resolution does not refer to farm insurance. We all realize that that is necessary, but it is an entirely different question and should be treated by itself. I am dealing with the farm problem from a different angle, namely that of the basic price, or the cost of production for the farmers of Canada.

All hon. members will readily see that party politics have no place in a resolution of this type, which deals with a national prob-

lem; nor shall I attempt to found my argument on behalf of the Canadian farmer, especially the western farmer, on any false premise, but I shall give facts and figures from which no logical argument may arise.

An erroneous impression has been spread in eastern Canada as regards farming in the west. Occasionally one may see in the papers a statement to the effect that some farmer has had a crop of fifty bushels to the acre, and some easterner may visualize fabulous fortunes being made by western wheat growers. It is true that a small portion of a large field, possibly ten acres, may have yielded fifty bushels per acre, but as a general rule the average is much less.

The Dominion Bureau of Statistics gives the average yield per acre for the last five years in the dominion as follows:

Year	Yield per acre
1938	13·5 bushels
1937	7·5 "
1936	8·6 "
1935	11·7 "
1934	11·5 "
1933	10·8 "

These figures indicate an average yield of about 11 bushels per acre during the period.

It is reported in a book published by the Alberta government, entitled, A Report on the Rehabilitation of Dry Areas of Alberta and Crop Insurance, 1935 and 1936, prepared by the Hon. W. M. Chant, that the average yield in that province is about ten bushels to the acre. According to the statement issued as of January 26, 1939, by the Dominion Bureau of Statistics, the average for the last ten year period was 13·84 bushels per acre, and the production in the three western provinces was as follows:

Province	Average yield per acre
Manitoba	13·84 bushels
Alberta	14·65 "
Saskatchewan	8·46 "

Or, for the three western provinces the average yield has been 12·3 bushels per acre.

There are many reasons for such a low yield per acre. When I visited the province of Saskatchewan during the month of June last I saw the most wonderful crops that one could imagine. They should have yielded an average of twenty or thirty bushels, and probably would have, had not grasshoppers and cutworms destroyed the entire crop, leaving those farmers destitute. Had it not been for the direct relief they received, some would have suffered severe hardship. Such losses are common, not only in Saskatchewan, but in Manitoba and Alberta as well. Thousands of dollars are spent every year in attempting to control these pests.

If this were the only obstacle that prevented a crop, the situation would not be so desperate. During the summer and fall of 1938 there was more hail in the province of Alberta than there had been in any other year subsequent to 1928. Of all the forces of destruction I think there is none so devastating as a hail storm. I saw crops in the district in which I live that were almost ready to cut—in fact, one round with the binder had been made. The next day the hail came and completely destroyed it. In places where the grain had stood three or four feet high, not a solitary straw could be seen, nothing but black dirt. Along the sides of the road, hail lay six or seven inches deep —the entire year's work gone in a few minutes; and, worse still, no feed for the stock, nor was there any money for the family to buy the necessities of life.

Large numbers of acres every year in Manitoba, Saskatchewan and Alberta are dried out. One must not forget that all financial costs had already been expended on this land and not one cent could be returned.

As reported in *Hansard*, page 138, the Minister of Agriculture (Mr. Gardiner) said that—

> The average price of wheat in Canada for 1936 crop was $1.22 per bushel, No. 1 northern, Fort William.

Further down on the same page, the minister is reported as having said:

> Wheat sold in 1937 in Canada at an average price of about $1.31, No. 1 northern.

Such statements give an entirely wrong picture of the true state of affairs. First of all it must be remembered that little No. 1 northern is raised. The proof of this statement I will give a little later in my address. But just here let me give the statement of the Dominion Bureau of Statistics issued on May 13, 1938, relating to the average prices for the year 1936.

They quote the average price at 0·94. Compare this to $1.22 as stated by the minister. The 1937 average price was $1 as compared to the minister's quotation of $1.31. The average price for 1938 as published by the bureau was 0·59. It should here be borne in mind that this does not include cost of freight.

We are fortunate at this time in being able to record the actual cost to the western farmer of raising a bushel of wheat. There were two provinces carrying on this work, Alberta, and Saskatchewan. While both provinces worked independently, it is remarkable to note how nearly the same their results are. The men in Alberta who conducted the experiment had two thoughts in mind: first, what it actually would cost the farmer to raise a bushel of wheat, and second, whether it was

cheaper to farm by tractor or by horse. This work was carried on by the Whitla experimental station in Alberta.

I have here two tables showing the cost of producing wheat, per acre, by horse equipment and by power equipment. No freight is included in either table. This is the cost for the preparation of the land and does not include hauling to the elevator, or freight cost. Without bothering the house with details I should like to have it placed on *Hansard.*

Mr. DONNELLY: I should like to ask the hon. member what he is reading from.

Mr. JOHNSTON (Bow River): I have not been quoting from anything.

Mr. DONNELLY: You have been reading something. I do not know what it is, but I should like to know.

Mr. JOHNSTON (Bow River): I just stated that I have two tables which for the benefit of hon. members I should like to place on *Hansard.* They are statements in regard to the cost per acre of producing wheat. One deals with horse-power equipment, and the other with power equipment. Both contain information prepared at the experimental station at Whitla, Alberta.

Mr. SPEAKER: The hon. member has no right to place a table on *Hansard,* unless he includes it in his speech. Only the Minister of Finance can do that, on the presentation of the budget, by special leave and with the unanimous consent of the house.

An hon. MEMBER: Read it.

Mr. SPEAKER: The hon. member cannot read it like that.

Mr. JOHNSTON (Bow River): Then I shall place it on *Hansard* by saying that this is a table which deals with the cost of raising wheat, through using horse-power equipment. The table gives minute details, and that is why I did not wish to take the time to read it. I thought it might be interesting to some of the eastern members who know very little about conditions in the west. I thought they might like to find out what it actually costs a farmer to raise a bushel of wheat. But it will suffice to say that it comes under two headings, wheat after summer fallow, and wheat after wheat. In the years in question with horse equipment the total cost was $9.85 per acre, for first crop wheat and $9.50 per acre for second crop wheat.

It will be noted that tractor farming is the cheaper method. It has often been claimed by hon. members that the farmers of western Canada should not use power machinery, as it is too costly a method, but should be content with the use of horse equipment. Why should we expect our farmers to use the more antiquated and costly methods of farming when the same results can be achieved with more modern, scientific power machinery, and a great saving of labour and time can be effected?

Mr. DONNELLY: I rise to a point of order. I want to know what the hon. member is reading from—whether he is reading his speech, or what he is doing.

Mr. JOHNSTON (Bow River): No, I am not reading anything.

Mr. DONNELLY: You are reading your speech, or some article.

Mr. JOHNSTON (Bow River): I am not reading anything. If the hon. member would listen he would get some information.

Mr. DONNELLY: You are reading your speech, or some paper. Is it your speech?

Mr. JOHNSTON (Bow River): I will answer any question the hon. member has to ask after I have finished.

Mr. SPEAKER: There is a rule of the house that no hon. member may read his speech, or read a prepared statement. He must make his speech. He must deliver it to the house.

Mr. PELLETIER: Speaking to the point of order, I submit the hon. member is referring once in a while to some notes he has prepared. That has been the practice followed by most hon. members of the house. Notes have been prepared, and they have referred to them.

Mr. SPEAKER: I have rendered my decision. If the hon. member is only consulting his notes, he is in order. If he is reading his speech, verbatim, from a written statement prepared in advance, he is out of order.

Mr. JOHNSTON (Bow River): I am just consulting notes.

Mr. LAPOINTE (Quebec East): Copious notes.

Mr. JOHNSTON (Bow River): It is and should be the aim of all industries, whether agriculture or otherwise, to operate in the cheapest and most efficient manner possible in order that they may have the greatest financial return for the time and labour expended. No seed or hauling is included in either of these two tables, so we should in both cases add $1.25 per acre for seed wheat and five cents per bushel or 50 cents per acre for hauling the grain to the elevator. In the

table using horse-power the cost per acre for the first crop of wheat after fallow is $9.80, plus $1.25 for seed and 50 cents for hauling, making $11.55, and at ten bushels per acre, the cost per bushel is $1.15½. For the second crop of wheat the cost is given at $9.50 per acre. By adding $1.25 for seed and 50 cents for hauling this makes $11.25 per acre, and at ten bushels per acre, the cost of raising one bushel is $1.12½.

Mr. DONNELLY: I contend the hon. member is reading his speech. I have sat in the house for most of this session and so far I have not spoken at all, but I have had to listen to dozens and dozens of speeches which have been read and I think it is time this practice was stopped.

Mr. BLACKMORE: Mr. Speaker, on the point of order, I should like to know why the hon. member picks on this member to raise an objection.

Mr. DONNELLY: It is not this hon. member alone; it has been done by hon. members all over the house. It is all right when an hon. member first comes into the house to use notes when speaking; we have no objection to his reading his speech then, but I think it should be stopped when it goes on day after day, week after week and month after month.

Mr. SPEAKER: Is there any other hon. member who wishes to speak to the point of order?

Mr. PELLETIER: I submit that the hon. member is dealing with a technical matter involving the use of a number of statistical tables, something which could not possibly be memorized. As I stated a moment ago, he is referring closely to his notes in order to give accurate information to the house.

Mr. SPEAKER: Standing order number 41 deals with those things which should not be done by an hon. member and, paragraph (o) of that order reads:

(o) read from a written, previously prepared speech.

If the hon. member is reading from a previously prepared speech, he is not in order and he should discontinue reading; if he is not, then he is in order.

Mr. JOHNSTON (Bow River): The other table using power machinery is a little cheaper. The first crop of wheat after fallow is $9.74, plus $1.25 for seed and 50 cents for hauling which makes $11.49, making the cost per bushel $1·149. For the second crop of wheat the table shows $8.99, which with the $1.25 for seed and 50 cents for hauling makes a total of $10.74 per acre, or $1·074 per bushel as the cost of production. It should be particularly noted that in neither case was there any profit allowed to the farmer. Surely if there is any industry which is entitled to a fair commission on its investment, it is western farming. It has been the consensus of opinion in this house that all the wheat raised in the west is No. 1 northern, and so it has been assumed that the farmers get the full pegged price of 80 cents, but such is certainly not the case.

On January 26, 1939, I received a book from the bureau of statistics entitled Monthly Review of the Wheat Situation, published by authority of the Minister of Trade and Commerce (Mr. Euler). On page 34 the following statement appears:

The 1938 wheat crop in the praire provinces is averaging about a grade higher than in 1937, with No. 2 northern the more common grade this year, compared with No. 3 northern a year ago. The best grading from the 1938 crop has occurred in northern Alberta with No. 1 northern predominating. Winnipeg inspections are concentrating in No. 2 northern and are somewhat better than 1937. The effects of rust damage in Saskatchewan in 1938 are shown in Moose Jaw inspections, which are ranging between No. 2 and No. 3 northern, whereas the small volume of inspections in 1937 was predominantly No. 1 northern. Northern Saskatchewan inspections are about the same as last year, varying between No. 2 and No. 3 northern, while central and northern Alberta inspections are going more into No. 2 northern this year, with No. 3 northern the predominating grade in 1937.

Is there an hon. member in this house who dares say that when it costs over $1.10 to raise a bushel of wheat, that 80 cents a bushel is a fair pegged price? No, not 80 cents; for 20 cents must come off the freight, so the farmer gets only 60 cents per bushel for No. 1 northern, but as wheat is mostly graded No. 2 or No. 3 northern, all he actually gets is about 54 cents, less than half of what it costs him to produce the wheat.

A further analysis has been made of this problem in the province of Saskatchewan, to which I have made reference. This appeared in the *Western Producer* of June 25, 1939, and is based on the university farm revenue study. It deals with eleven types of soil as well as with different localities throughout the province, and they have arrived at a definite conclusion in regard to the cost of

raising a bushel of wheat. I shall not take up this report in detail. Suffice it to say that the average cost of producing wheat is as follows:

Average cost of production per bushel on half-section farms	$0.92
Average cost of production per bushel on section farms	.78
Average cost of production per bushel on half-section and section farms	.85
Average cost of production per bushel on farm	.85
Average freight cost per bushel to Fort William	.18
Total average cost per bushel to produce and ship to market	$1.03

There can now be no doubt in the mind of anyone as to what it costs to raise a bushel of wheat. That fact is proven by the investigation made in the provinces of Saskatchewan and Alberta which shows that the wheat growers have been attempting the impossible in trying to produce below cost. Alberta is the best customer of eastern Canada. Ever since the early settlement of the west began there has been a desire to make that portion of the dominion a better market for eastern manufactured goods. So year by year it became a better market. Whenever a crop failure occurred, a decided shortage of sales for eastern manufactured goods took place. In the industrial cities of Ontario and Quebec the factories closed down and men and women of all ages walked the streets in search of employment. A further indication of the contribution which the province of Alberta has made and is making to Canada, and particularly to the central provinces, will be found in the volume of retail merchandising sales within the province. The volume, for the years 1930 to 1934 inclusive, is estimated by the Dominion Bureau of Statistics as follows:

1930	$176,537,100
1931	135,095,000
1932	115,354,000
1933	108,431,000
1934	120,423,000

As the years quoted are those of depression, it is obvious that the volume would be considerably higher in the preceding years when the prices of wheat were higher.

It has been estimated that at least seventy-five per cent of the retail merchandising sales consist of goods manufactured in other provinces, principally in Ontario and Quebec. Alberta is indeed a good customer of the eastern manufacturer. Not only does Alberta, along with Manitoba and Saskatchewan, provide a larger market for the manufacturer in other parts of Canada, but annually a large volume of business is done in the prairie provinces by the banks, trust and loan companies and life and fire insurance companies, which for the most part have their principal places of business in other provinces.

Again, one has only to consider the elaborate plants and business organizations located in other provinces for the handling of the annual wheat crop produced in the prairie provinces. The principal grain exchange is located in Winnipeg, but there is also an exchange in Vancouver. Numerous large terminal elevators have been erected at Vancouver, Prince Rupert, Fort William, Port Arthur, Toronto and Montreal, while wheat cargoes constitute a large volume of the tonnage carried annually over the great lakes. So also do the great transcontinental railways carry thousands of bushels of wheat from the west. I have in my hand a table compiled from the preliminary returns of the census of the prairie provinces of 1926 and of preceding censuses which shows definitely that Alberta is the best customer for eastern manufactured tractors, combines, motor trucks and automobiles. In 1921 motor trucks were included with automobiles. This statement is true not only of Alberta, but also equally true of Manitoba and Saskatchewan. It includes motor trucks and automobiles on farms, with tractors and combines, and covers the period from 1921 to 1936. It shows that in the year 1921 the number of tractors sold in Canada was, 47,455, of which 38,485 were sold in the prairie provinces; in 1931, the number sold in all of Canada was 105,360, of which 81,659 were sold to the prairie provinces. As to combines, the total number sold in Canada in 1931 was 8,917, of which 8,897 were sold in the prairie provinces. Of motor trucks, 48,401 were sold in Canada in 1931, of which 21,517 were sold in the prairie provinces.

The automobile industry of eastern Canada made a substantial share of its sales in the three western provinces; for in 1921, out of 157,022 sold in Canada, 133,049, or more than half of the total sales, went to the west. Does not this prove that eastern business is dependent upon the success of the western farmer? Why not treat these agriculturists fairly and thus increase the prosperity of all Canadians?

The next table shows the sales of tractors only in the prairie provinces for the years 1920 to 1936. It shows that 95,113 tractors were sold by eastern firms to the prairie provinces in the period from 1920 to 1936.

What would happen to these eastern manufacturers if the farmers of the west went bankrupt? Is this market worth retaining? It is evident from this table that the sales of tractors has fallen off very considerably

since 1928. Why has this been so? It must be apparent to all that the reason is a lack of purchasing power in the prairie provinces. The farmer has been going behind year after year through no fault of his own, for he has been raising greater quantities of grain; but because he has been producing at a financial loss. A tabulation of the sales of any other item of farm machinery would show approximately the same results.

From these facts there can be no question that the west not only is an excellent customer of the east but keeps eastern people employed in the industries and is directly responsible for the prosperity that Ontario and Quebec enjoy.

It is urgently essential that a closer co-operation and thorough understanding prevail between these two sections of the dominion to ensure the best results for the country as a whole. I feel that it is most necessary at this time, in order to enable hon. members to have this complete understanding, to make an informative statement respecting the financial status of western farmers.

I have outlined some of the conditions of the west which seriously need the attention of every hon. member of the house, not from a partisan point of view, but from the realization that such conditions must cease if we are ever to have a unified Canada working in the interests of the whole dominion. Industrial and agricultural conditions in western Canada are such that no delay should be permitted. The last five years have been years of decided under-crop production, three years of which have been almost total crop failures, and as a result the financial condition of the farmers is such that it is impossible for them to carry on without some assurance of at least the cost of production.

In the early years of the history of the province the tenure of the land was largely that of ownership. In 1901, out of 9,479 farms, approximately 9,076 were held by owners, while only 211 were held by tenants and 192 by part-owners and part-tenants. This situation of ownership has changed greatly since then, as is shown by the table, VI, which is taken from The Case for Alberta, published by the Alberta government in 1938. There is not much use in placing the table on *Hansard* for the information of hon. members, because apparently some of them are not interested in conditions in the west.

The census of 1931 shows that out of 100,358 farms in the province, 67,562 were held by owners, while 16,208 were held by tenants and 16,588 were held by part-owners and part-tenants. It will be observed that since 1931 there has been a decline in the number of farms held by owners, and a substantial increase in the number of farms held by part-owners and part-tenants.

Thus, it is quite evident that the farmers of the west are speedily becoming land tenants rather than land owners.

In 1931, there were 728,625 farms in Canada valued at $4,053,282,300. Of these farms, 242,850 were reported mortgaged to the amount of $671,776,850, and the average mortgage was $2,776. In Manitoba the average mortgage was $3,165; in Saskatchewan, $3,141; in Alberta, $3,072; in British Columbia, $2,436. In 1936, the average indebtedness per farm in Manitoba was $2,630; in Saskatchewan, $3,023; in Alberta, $2,804. These figures are given by the Dominion Bureau of Statistics, May 13, 1938 Again I say probably it will not be worth while putting this table on *Hansard*, because perhaps some members might not be interested in knowing just what a great contribution the western part of Canada makes yearly to the eastern part of Canada, nor do they realize how urgent it is that we develop a united Canada instead of having, under the present system, a disorganized Canada.

It is evident that the farmers in the west will never be able to pay off their indebtedness unless they have assured them at least the cost of production for the wheat that they raise. We of western Canada have no desire for special privileges, yet we feel that we should have the same consideration that other industries enjoy in the dominion.

Following the wheat conference which was called by the Bracken government of Manitoba, the *Western Producer*, in its issue of December 29, 1938, published an article having to do with an address by Professor Hope of the university of Saskatchewan, entitled The Burden of Debt, from which I quote:

> Professor Hope, Saskatchewan University, threw a glare on the debt situation in Saskatchewan which must have nearly blinded those in the creditor class. The total shrinkage in cash sales from the farm between 1926 and 1938, he said, was $2,700,000,000; for the three years 1931-33 it was over one billion dollars. The farm debt of Saskatchewan alone is $546,000,000, and with wheat at eighty cents a bushel Fort William, more than one-half of the debtor farmers will have to say "No" to the debt collectors. Professor Hope gave production costs for certain areas in Saskatchewan, showing that eighty cents a bushel at Fort William does not begin adequately to meet the situation in Saskatchewan, and presumably in the other two provinces as well. He said: "On the basis of the facts presented if all the farmers of western Canada were entirely free of debt, or if they did not pay their debts, it would seem that the present farm prices for grain would probably barely maintain a reasonable level of living. It certainly would not maintain a reasonable level of living and enable them to build up their buildings, machinery, homes and personal effects up to the level prior to 1931.

"Conservatively, it would probably require with average yields a farm price for wheat of average grade of about ninety cents, with coarse grains in proportion, to maintain a reasonable level of living and service the present debt on western farms. It would require somewhat more than this to restore the farming community to the condition of 1931."

The wheat conference that was recently held in Manitoba produced some interesting statistics in that regard, showing the financial position of the west, and that the west cannot carry on unless a farm insurance scheme is provided and, in addition, the farmers receive at least the cost of production.

Some of the leading public men in this country have definitely taken the stand that the price of farm products should not be protected. The present leader of the Conservative party, the hon. leader of the opposition (Mr. Manion), stated in an address to the people of Edmonton on October 19 last, as reported in the Calgary *Albertan* of October 20, 1938:

Doctor Manion restated his belief in a moderate protective tariff. Both industry and workmen needed protection against cheap imports. Farmers, except wheat farmers of the west, deserved protection. Wheat farmers could not be protected.

Mr. MANION: I meant they could not be protected by tariffs, that is all.

Mr. JOHNSTON (Bow River): I accept the qualification. But I would ask the hon. gentleman to state to this house just how any industry can carry on if it does not get the cost of production. Surely it is evident from the above remarks that should the Conservative party ever form a government in this country, their policy would be that of discrimination against the western agricultural industry, especially against the wheat farmer.

Mr. MANION: That is not so at all.

Mr. JOHNSTON (Bow River): The present government must have the same attitude as the Conservatives, inasmuch as they have done absolutely nothing to assure the farmers the cost of production. A pegged price of eighty cents, netting the farmers 57 cents for No. 2 northern, is about half the cost of raising a bushel of wheat.

The Commonwealth of Australia has gone a great deal further than Canada has in taking care of farmers' problems. I have here a bill introduced by the minister of commerce, Right Hon. Sir Earle Page, which assures the growers a price of five shillings and twopence, or about $1.17½ per bushel at Williamstown, Victoria. I will not take time to read the bill, but it can be found in the 1937-38 statutes of the commonwealth house of representatives, under date November 24, 1938. In introducing the bill, the minister stated definitely that the attitude of the commonwealth was to give the farmer a set price at the local elevators of about $1.12. That is worth doing. But what is our government doing? So far it has done nothing.

New Zealand has taken similar action with respect to primary products. While the act to which I refer deals exclusively with dairy products, it is definitely stated that the intention of the government of New Zealand was to assure to producers of dairy products the actual cost of production and make it possible for them to have a decent standard of living.

The Commonwealth of Australia and the Dominion of New Zealand are not the only countries which have been able to do something definite for their farmers. Let me read from a letter dated January 31, 1939, which I received from the Dominion Bureau of Statistics:

You will note that I am showing no domestic price for the United Kingdom in the present crop year 1938-39. This average price will not be definitely ascertained until after the end of the crop year, but it should be in the neighbourhood of 44 shillings per quarter.

That is about $1.17½ per bushel. That is what Great Britain has done. With this letter I received from the Dominion Bureau of Statistics a statement showing some of the prices paid to the grower in other countries which are said to be not so democratic as ours. The prices quoted are in dollars and cents per bushel.

	Average domestic price			
	United Kingdom	France	Germany	Italy
	c	c	c	c
1922-23	...	159	110	143
1923-24	...	135	104	120
1924-25	...	173	156	185
1925-26	158	145	161	208
1926-27	157	186	177	208
1927-28	137	173	162	191
1928-29	127	167	142	187
1929-30	120	147	165	187
1930-31	81	184	168	156
1931-32	61	172	152	149
1932-33	95	124	135	151
1933-34	126	212	191	189
1934-35	114	165	222	220
1935-36	121	159	225	249
1936-37	132	191	224	195
1937-38	133	163	223	200
August-November 1938-39	...	146	218	212

This shows that other governments are at least progressing in what they are doing for their farmers. Surely it is not too much to

ask for the greatest industry in all Canada, the one which gives more employment than any other, that we should have a definite set price of at least ninety-five cents a bushel at local elevators. When we see that this Liberal government is assuring the manufacturers of machine guns—implements of destruction—their production price plus ten per cent profit, we wonder why they hesitate to do this much for the western farmer, who supports the east more than, probably, the worker in any other industry. It would not be necessary to increase taxation; a set price could be financed from the credit of the dominion issued debt free. The Prime Minister (Mr. Mackenzie King) could make good, even at this late day, his forgotten promise in 1935, to "issue currency and credit in terms of public need"; for if ever there was an urgent public need it is that of guaranteeing the farmers of Canada a fixed price of ninety-five cents a bushel, thus at least assuring them the cost of production.

I know that it is the government's intention to bring down legislation as far as farm insurance is concerned. I believe that the whole house is in agreement with such a policy, but that is an entirely different proposition from assuring the farmer a set price for the things he raises, and should be treated as such. For if you are to limit your assistance to farm insurance, where the people will be on a relief standard, they will not be put in a position to patronize eastern industry or pay their debts. I think we all agree that there should be farm insurance, but let it also be understood in this house that it is necessary, for the unity of Canada and for the sake of all industries, parts and parties, that there should be a definite price of ninety-five cents a bushel for No. 1 northern wheat at the local elevators.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, the business of farming, if we can call it such, is in a very precarious condition at the present time. It is not news to this house when I say that farming is the backbone of the country to-day, as it has been for a great number of years. In order to support this statement it is necessary only to go back and look up some figures of production of wheat alone. We find that from 1912 to 1938 inclusive the staggering quantity of 8,495,571,700 bushels of wheat was produced, valued at $7,852,066,800. This amount, which represents just one variety of grain, must have had a very beneficial effect upon the building up of the country, because it was distributed directly or indirectly among all classes in all parts of the dominion.

Farming as a business is entirely different from all other industries. Perhaps this accounts for the present condition of the farming population. The farmers, a very numerous body, have to buy from a comparative few who get together and fix prices to suit themselves, the prices usually being whatever the traffic will bear. When the farmer comes to sell his products he is compelled once more to deal with the few, and finds himself confronted with prices set by those who purchase his goods and who are associated with financial institutions through whose help they work their will.

Farmers as a class do everything possible to pay their debts. I must admit that to-day the farm debt situation is not very sound, but I think it will be agreed that farmers have been going through a very tough time. Until some of these adverse conditions are regulated and eased it will be impossible for the farmers to pay all their debts. I personally know of farmers who have gone to the extent of depriving themselves and their families of several of the necessities of life. Statistics show that in the vast majority of cases farmers are living on a far lower standard than numbers of our people who are on relief in the towns and cities. I am not saying this with the slightest idea of dragging down the standard of living of those on relief, because I know that in most cases these people are not on relief of their own choice; they have been put there by circumstances over which they have no control. But I do believe that the standard of living of the farmer should be raised, and probably this can best be done by increasing the price of the farmers' produce and bringing down the cost of the things they have to buy. To the farmer it does not matter greatly whether the price of grain is high or low, so long as the price of the things he has to buy is in proportion.

The hon. member for Bow River (Mr. Johnston) has given a very extensive survey of costs of production in Saskatchewan and Alberta. I do not think the figures can be successfully challenged. The Department of Agriculture in a bulletin issued in 1932 gave the average cost of growing wheat as ninety-five cents a bushel. That is basis No. 1 northern at the local elevator. As has been pointed out by a previous speaker, that is much more than the actual amount the farmer gets at the local elevator, nearly twenty cents a bushel being deducted for freight and handling; and where the grade is lower than No. 1 northern, as is very often the

case on account of frost, hail, drought, rust and other causes, he is compelled to take a further reduction.

I quote from an address recently given by Major Strange, director of the research department of the Searle Grain Company of Winnipeg:

I have averaged up the price of all wheat produced for sixty-two years and I find it comes out to $1.14 for No. 2 northern at Winnipeg. I suggest that this is a very good average price.

No farmer would find the slightest fault with this price. The trouble is however that in some years great fluctuations have occurred. For instance it went as high as nearly $3 a bushel in 1918 and as low as 38½ cents a bushel in December, 1932.

There is another item which I believe has been lost sight of, whether intentionally or not, by most of those who have given figures on cost of production; I refer to interest. Knowing from experience that the interest on a farmer's debt runs to about twenty-five cents on every bushel of wheat he grows, this should be taken into consideration when considering the cost of growing wheat. A number of economists have figured out the cost of interest, their estimates running in some cases as high as thirty cents a bushel, but I believe from information we can secure that twenty-five cents for every bushel grown is a reasonable figure. The debt situation is one which must not be lost sight of, and as just one way of relieving this I suggest a reduction in the interest on Canadian Farm Loan Board loans. A reduction of two per cent could be effected without doing any one any material damage, and would help to a great extent the borrowers from that board.

In Winnipeg from December 12 to December 15 last there was a conference on markets, and Professor Hope of the university of Saskatchewan had this to say:

A few years ago a member of the Department of Farm Management of the University of Saskatchewan made a careful analysis of 195 farm loans in the prairie area. These loans were placed from 1910 to 1927, but most of them from 1920 to 1925. By 1933, 41 were paid off, 36 were foreclosed and 84 were still current. The average debt against current loans was $9.87 per acre compared with an original loan of $11.79 per acre, after an average duration of twelve years. The interest rate was 8 per cent. Based on the twelve years of payment history of current loans from 1922 to 1933, these farmers were able to pay about 3 per cent annually on the appraised value of the farm real estate. As the total farm capital includes live stock and machinery as well as real estate, it appears reasonable to infer that on the average they could not earn more than 3 per cent on their total capital investment payments in good years.

[Mr. Fair.]

The best lands had a better payment history than the figures quoted and the poorer lands much worse. The results of this study indicated that either the poorer lands were appraised by the loaning company at too high a figure, or else the amount loaned was too great.

A study of the loaning operations of one of the largest loaning agencies in Saskatchewan is now being undertaken. Preliminary results of this investigation also indicate that on the average the farmer borrowers have earned about 3 per cent annually on the appraised value of the real estate alone, which is not all the farm capital.

In his conclusions Professor Hope said:

On the basis of the facts presented, if all the farmers of western Canada were entirely free of debt, or if they did not pay their debts, it would seem that the present farm prices for grain, would probably barely maintain a reasonable level of living. They certainly would not maintain a reasonable level of living and enable them to build up their buildings, machinery, homes and personal effects to the level prior to 1931.

Conservatively it would probably require with average yields a farm price for wheat of average grade of about 90 cents, with coarse grains in proportion, to maintain a reasonable level of living and service the present debt on western farms. It would require somewhat more than this to restore the farming community to the condition of 1931.

In the light of the present world wheat situation a further drastic debt reduction policy is a partial solution of the western farm problem.

It has been suggested that farmers should learn how to live on a lower standard in order to meet the present debt situation. But any policy that compels such a solution does not solve the problem if we hope to maintain our present social system.

If we consider the basis on which farmers do their business, and compare it with the basis on which government operations are carried on, I think it is clear that the farmer is carrying on his operations in a better way and more economically than governments and some other lines of business. It is suggested that farmers cut down the cost of production to meet the requirements of the market, but it is impossible to put this suggestion into practice, because once land is broken it is not desirable to let it go into disuse. If it is not worked, it will grow weeds, and we all know the damage caused by crops of weeds. If prices and demand are not satisfactory to the manufacturer, he can close his factory and save a lot of the overhead. Speaking of overhead, it was also stated at the Winnipeg conference that fixed charges run anywhere from fifty to seventy per cent of the cost of production of wheat. In January, 1935, the Secretary of the United States Department of Agriculture submitted a document prepared by Gardiner C. Means, of Columbia university, from which the following is taken.

This shows the difference between industry and farming in the matter of cutting down production when prices fall below cost:

Commodity	Permanent drop in prices Per cent	Permanent drop in production Per cent
Agricultural implements	6	80
Motor vehicles	16	80
Cement	18	65
Iron and steel	20	83
Automobile tires	33	70
Textiles	45	30
Food products	49	14
Leather	50	20
Petroleum	56	20
Agricultural commodities	63	6

This shows that the greater the degree of control of production of the various commodities the greater the resistance to a decline in prices. In the free market system and under complete competition decreased demand is translated into decreased prices. In the system of control decreased demand is translated into decreased production. So we see the two extremes; the agricultural implement industry, with great control, drops production eighty per cent and encounters a reduction of six per cent in prices, while the farmers encounter a drop of sixty-three per cent in prices for farm products when their production is decreased only six per cent.

Taking 1929 as the basis, statistics gathered by the League of Nations show the following comparative declines in production and prices as of 1932: In the United States the decline in production was 46·2 per cent and the decline in price 29 per cent. In Canada the decline in production was 41·9 per cent and the decline in price 27 per cent. In Germany the decline in production was 46·7 per cent and the decline in price 28 per cent. In the United Kingdom the decline in production was 16·5 per cent and the decline in price 7 per cent. In the same period agricultural production maintained an increase of 3 per cent and agricultural prices declined as much as 58 per cent in Canada, 57 per cent in the United States and 49 per cent in the Argentine, while in European countries where governments intervened to shelter their farmers the decline was less, averaging about 35 per cent in Germany, 37 per cent in Italy and 28 per cent in Great Britain.

The opinion has been, and I believe still is, held by some hon. members that the price of wheat in western Canada is of interest to the west only. I would point out that the prosperity of all Canada depends a great deal on the price of our wheat in the west. This fact is recognized by Major H. G. Strange, of the Searle Grain Company, who in a recent broadcast said:

> This is a most serious matter that every one of us in the west and many in eastern Canada should consider.

The entire economic structure of western Canada; the railways with all their branches; primary and high schools; our roads, both country, market and gravel; our municipalities; our vast elevator system for handling grain; our hamlets, villages, towns and cities; our governments; our universities, have all been built up and populated with over two million people in the expectation that the west would be able to keep in production the amount of acreage it now has in wheat, about twenty-four million acres, which on an average would produce around four hundred million bushels a year, and which would make it necessary to export to some ninety-two different countries between 250 and 300 million bushels a year. As production declines from these levels, so unquestionably will the population of the west decline; so unquestionably will the cost of everything the farmers buy and the cost of selling all their produce increase. So, therefore, will tens of thousands of workers be thrown out of employment, including a number of the farmers themselves. So will the standard of living of everyone on the land, in towns and cities, decline. It is a sad and distressing picture for the future, unless the situation can be remedied. These words, I believe, present the picture as far as other parts of Canada are concerned, because, though merchants and others do not wish to admit the fact, their prosperity depends entirely on the prosperity of the farmers.

Several estimates have been made as to the amount necessary to bring reasonably up to date the equipment of farmers, including tractors, farm machinery, horses, harness, outbuildings as well as their homes and furniture, clothing, and so on; but I believe an estimate of $500,000,000 is reasonable. You will readily understand, Mr. Speaker, that a great many people in Canada would benefit if that amount of money were put into circulation. It would mean that the railroad workers, the manufacturers and labour in general would be benefited. I believe it would also cut down the number of unemployed and reduce the number on relief, thereby removing the necessity for some of the taxes we are paying at the present time.

The effect of low prices for grain is reflected also in the following table, showing the estimated purchases of farm machinery by Cana-

dian farmers during the years 1920 to 1937 inclusive:

1920	$82,183,000
1921	54,405,000
1922	28,096,000
1923	39,909,000
1924	29,096,000
1925	31,719,000
1926	52,211,000
1927	70,521,000
1928	89,306,000
1929	70,316,000
1930	51,558,000
1931	16,282,000
1932	8,213,000
1933	8,196,000
1934	11,638,000
1935	17,087,000
1936	25,857,000
1937	35,161,000

You will notice that from a high of some $82,000,000 in 1920 we went down to about $8,000,000 in 1932 and 1933. That is in connection with only one industry, and it will be readily realized that the low prices of grain have had a tremendous effect on other industries all across Canada. In the report of the special committee on farm implement prices the following appears at page 1215:

The International Harvester Company during the period of 1935 to 1936, inclusive, marketed 77·60 of its total Canadian sales volume in western Canada and 22·40 in eastern Canada. In the same period the purchases for the Massey Harris Company showed 66·69 marketed in western Canada and 33·31 in eastern Canada. In addition, Deere and Company confines its operations wholly to western Canada and this is largely true of the remainder of the companies manufacturing in the United States and marketing their products in Canada.

In view of the fact that only slightly over 40 per cent of the total number of farmers in Canada are located in the four western provinces, the importance of the problem to this section of the country in comparison with the east can be readily recognized. The Dominion Bureau of Statistics shows that in 1928 the west purchased from the east, at point-of-origin price, goods to the amount of $387,000,000, while in 1933 purchases were reduced to $80,000,000. This reduction can be traced directly to the ruinously low prices received for grain. During the years 1926 to 1929 cash sales of farm products averaged $530,640,000, while during the period 1931 to 1933 they dropped to $164,429,000, or an average drop per year of $366,201,000.

Further evidence of the farmer's lack of purchasing power is reflected in the income tax paid by farmers. If farmers were the only ones left to pay income tax I am afraid the Minister of Finance would have to look elsewhere for his revenue, because the farmers' belts will not stand much more tightening; in fact, in many cases they are ready to break. The income tax figures regarding farmers are as follows:

Fiscal year	No. of farmers	Average tax	Percentage of total
1919-20	9,475	$ 52 56	3·77
1924-25	3,067	53 23	·64
1930-31	2,626	57 96	·45
1931-32	653	55 71	·10
1932-33	249	110 92	·15
1933-34	262	85 24	·07
1934-35	416	57 89	·09
1935-36	694	67 16	·14
1936-37	921	82 95	·21

This statement is amply justified by the following table, which shows the index numbers of farm implement prices, taking the basis of 100 for 1926. These prices of farm machinery are based on those of the Regina territory:

Index Numbers of Farm Implement Prices
(1926=100)

Year	Regina territory
1913	61·1
1923	99·5
1924	110·1
1925	101·3
1926	100·0
1927	99·9
1928	100·3
1929	100·1
1930	99·1
1931	99·0
1932	97·9
1933	93·7
1934	93·5
1935	93·3
1936	96·6
1937	96·2
1938	102·8

Hon. members will see from the table that farm machinery prices have stayed up very close to the 1926 level, although the prices of other commodities have gone down very considerably.

The following table gives index numbers in respect of the wholesale prices of Canadian farm products, the commodities farmers have to sell, and the prices of articles farmers have to buy:

Year	Index numbers of Wholesale prices of Canadian farmer products	Things farmers buy (Searle Grain Co.)
1929	100·8	103·2
1930	82·3	98·7
1931	56·3	87·9
1932	48·4	82·8
1933	51·0	79·0
1934	59·0	79·0
1935	63·5	79·6
1936	69·4	80·3
1937 (estimated)	84·2	86·6

I have one more table put out by the Searle Grain Company, last September, which gives

the following information for 1938 as compared with 1913-14, taking the basis as 100:

16 items of groceries	116
36 items of clothing	132
28 items household equipment	148
53 items farm equipment	138
12 items farm machinery	162
2 items of taxes (municipal and school)	169

The table shows an average of 137 for the total of 147 items.

With respect to products farmers have to sell, wheat, according to open market prices is placed at 67; the board price is placed at 91, and the price of steers at 83.

In their bulletin of May 18, 1938, the same company has given further detailed information, but I shall not read all of it. Perhaps it is sufficient to say that the farmer on the average half-section of land has to pay out annually, for living expenses and the necessities to produce a crop, the amount of $908.42. Against this I will place on record the average amount of income that has been received by western farmers between 1926 and 1937 inclusive:

Year	Amount received
1926	$2,143
1927	1,989
1928	2,286
1929	1,755

I would ask hon. members to take particular note of the change in farm income about the year 1929, when we had that wonderful man-made crash, and again in 1930, when we started to reap the benefits of it. The table continues:

Year	Amount received
1930	$ 919
1931	571
1932	562
1933	565
1934	748
1935	781
1936	823
1937	901

The amounts I have given are gross income. Out of this gross income the farmer has to pay all his living expenses, including taxes, wages, interest, food, clothing, and so on, and, in Alberta, an added amount of approximately $135 to satisfy tariff requirements, as shown in a report prepared by the Minister of Labour (Mr. Rogers).

May I now place on record figures which will give some idea of the value of the increased crop of 1938. This information is taken from the December issue of the *Monthly Review*, which deals with the wheat situation.

The first estimate of the gross value of the principal field crops grown in Canada in 1938 is $527,419,000, which is $30,968,000, or six per cent below the estimated value of the 1937 production, and $84,881,400 below that of 1936. The values of the 1936 harvest were the highest since 1930. Very low yields in 1937 and sharply reduced prices in 1938 have resulted in successive reductions in value in the past two years.

While the 1938 wheat production is nearly double that of 1937, the average farm price is only 57 cents as compared with $1.02 last year. Thus the value of the crop is only about $12,000,000 greater. Increases in the production of oats, barley and rye in 1938 failed to offset declines in prices, and the combined values of these crops is $35,694,000 less than in 1937. Farm prices for oats in 1938 have averaged 25 cents per bushel as compared with 43 cents in 1937; for barley, 28 cents as compared with 51 cents and for rye 28 cents as compared with 72 cents per bushel last year. Flax seed production in 1938 was more than double that of 1937, which offset the decline of 36 cents in the average farm price, and increased the total value by nearly $500,000.

I have in my hand a table which shows the cost of No. 1 northern wheat at my shipping point over a number of years, going back to 1915. The same table shows the cost of a binder at that point, and the number of bushels required to purchase a binder. To read the table would require some considerable time, as it covers a period from 1915 to 1938, and if hon. members would permit I should like to have it placed on *Hansard*.

Mr. DEPUTY SPEAKER: The hon. member may place it on *Hansard* with the unanimous consent of the house, but not otherwise.

Some hon. MEMBERS: Agreed.

Mr. FAIR: Thank you. The table is as follows:

Year	Cost of 8-foot binder	Price of Wheat No. 1 Northern	Bushels required
1915	$175	$ .94	186
1916	177	1.86	95
1917	204	2.02	101
1918	260	2.05	127
1919	270	1.98	136
1920	298	1.80	166
1921	339	1.10	308
1922	287	.91	315
1923	298	.88	339
1924	323	1.50	215
1925	298	1.32	226
1926	298	1.27	235
1927	298	1.27	235
1928	298	1.05	284
1929	298	1.05	284
1930	293	.45	651
1931	293	.41	715
1932	288	.35	823
1933	274	.49	560
1934	274	.62	442
1935	272	.65	418
1936	290	.75	386
1937	314	.81	388
1938	332	.40	830

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The table shows that the high average yearly price for No. 1 northern during that period was $2.05 per bushel in 1918, and in 1932 a low price of 35 cents. The high price of a binder in that time was $339 in the year 1921, and the low price was $175 in 1915. In 1916, ninety-five bushels of wheat were required to buy a binder, whereas 830 bushels were required in 1938. During the period 1924 to 1929, the average price of a binder was $302; the average price of No. 1 northern wheat was $1.24, and the average number of bushels required to buy a binder was 246. In the period between 1930 and 1935, the average cost of a binder was $282, the average price of No. 1 northern was 49½ cents, and the average number of bushels required to buy a binder was 601. I think that is enough to show some of the things we are up against. I believe it also shows how difficult it is to regulate prices or acreage or production. This year we may have a crop of twenty or twenty-five bushels to the acre, and next year nothing at all. I believe we have now advanced sufficient argument to convince the house that the farmer is not and has not for some time been receiving his costs of production. Because it is desirable that the farmer should be kept in business, something must be done to guarantee him at least his costs of production, along with a reasonable profit.

The next question is: How shall we deal with this problem? Several suggestions have been made with which I shall not take the time to deal, but I would like to give one or two instances. A sit-down strike was advocated by a meeting of Cooperative Commonwealth Federation farmers at Vegreville. This meeting was addressed by the hon. member for Athabaska (Mr. Rowe) and Mr. Irvine, a former member of this house. I do not think a sit-down strike will help the situation in any way. What we must do is create more purchasing power and place it in the hands of those who grow our wheat as well as those who are in business across the country.

Another suggestion is that the four great wheat exporting countries of the world should get together. These four countries export eighty-six per cent of the world's total volume of exports, sixteen other countries exporting the remaining fourteen per cent. I think this country should take the lead in getting together with the other exporting countries and doing something about this problem. A suggestion has been made to cut down acreage. That may be all right, and then again it may not be all right. If everyone in the world was getting enough to eat I believe we should have to produce still more, but as many have not the wherewithal to buy, something must be done.

The least this government can do is to guarantee the farmer his costs of production, and ninety-five cents a bushel for No. 1 northern at the local elevator seems to me to be a reasonable basis on which to work. Up to the end of the 1937 crop year the farmers of Canada had been subsidized to the extent of $12,719,901. As this method of subsidizing seems to be sound for other lines of industry, there is no reason why it should not be sound in the case of the farming industry when such disastrous conditions prevail. A direct subsidy has been paid to or provided for the manufacturers of farm implements by way of tariff protection, and we have paid thousands of dollars annually to the steamship companies. Large amounts of cash and millions of acres of land have been turned over to the Canadian Pacific Railway Company. Large amounts have also been expended on roads to give access to mining areas, and tax removals in different forms have been provided for mining companies.

In the past the farmer has paid a large share of the taxes that have been collected to pay these subsidies, and apparently he has a lot of paying to do yet, judging from the increase in our national debt. It is only fair to point out that a large amount of the taxes the farmer pays is paid indirectly, because the whole structure rests squarely on the shoulders of the primary producer. For a number of years the United States has bonused its farmers to the extent of hundreds of millions of dollars, as has France, Australia and the Argentine. At the present time farmers in Germany are being paid $2.25 a bushel for wheat; in Italy they are receiving $2.15 a bushel, and in France, $1.50 to $1.60 a bushel. The quality of the wheat in all cases is far below that of Canadian wheat. I believe the farmers of Canada should receive just as good treatment as the farmers of other countries. We are compelled to compete with them on the world market, and it is impossible to do that because we are forced to buy on a protected market, whereas those from whom we purchase are running their prices higher than we are able to bear.

The other products of the farm should also be considered in this scheme. I have before me a table showing the average price of oats, barley and flax for the past thirty years, and

rye for the past twenty-one years, all on a Fort William basis. The figures are as follows:

	High	Low	Average	1938
Oats..	$1.00	.24	.48	.24
Barley..	1.61	.28	.66	.28
Flax..	4.66	.90·4	1.99	1.14
Rye..	1.84	.27	.82·5	.28

The minister has announced a scheme, but I do not think it will help the farmer who is trying to get along. To some extent it is a relief scheme, or perhaps it could be called an insurance plan. I have not been able to give it a name, but when the plan is definitely before us perhaps I may be able to give it its proper name and discuss it at greater length.

The various matters I have brought up at this time have been dealt with in just a cursory way, but I hope to be able to go into them further as time goes on. Hon. members will readily realize that should the price of wheat continue to stay below the cost of production, the result will be more unemployment and more men on relief. Industry and trade all across the country will be slowed up. As to the method of financing, if the Minister of Finance (Mr. Dunning) has not yet been converted or enlightened, there are several hon. members in this house who can tell him how to go about that in a way that will do more for Canada than our present poor system of financing. The wheat growers of the west are not the only ones that should be benefited. The farmers in all parts of Canada should receive a correspondingly fair price for their agricultural products.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I rise to discuss the problem raised by this motion, although there is a resolution standing on the order paper in my name somewhat similar to the one now under discussion. However, that resolution may never be reached.

At the outset may I say I am not convinced that ninety-five cents a bushel at the local elevator is the price that should be set. That is something that will have to be inquired into very carefully, and I shall have more to say about it a little later.

The resolution which has been presented this afternoon deals with one of the basic conditions of the rehabilitation of western Canada. I should like to say again what I have said before, that the problem of the rehabilitation of agriculture is not directly a western problem. It is a problem which involves the whole Dominion of Canada. Upon the ultimate success of our rehabilitation schemes will depend the economic welfare of the country in which we live.

I do not propose to discuss this afternoon the various newspaper stories which have emanated from this city since the Minister of Agriculture (Mr. Gardiner) made his statement a short time ago. I am going to wait until the bills are presented to the house in order that we may have a clear understanding of what it is intended to do in regard to this particular matter. But there are some points which I think should be placed before this house, because I am convinced that many hon. members are not aware of the general condition of the western farmer and the economic situation with which he is faced. Some think that perhaps the provinces should assume more of the burden of their own rehabilitation, but the Saskatchewan brief presented to the Rowell commission clearly indicates that even the normal expenditures of Saskatchewan cannot be met on the basis of taxation now in effect in that province.

In the proceedings of the conference on markets for western farm products, held at Winnipeg in December under the leadership of Premier Bracken of Manitoba, there are to be found data a study of which one can recommend to members on all sides of this house, particularly those from other than western constituencies. For example, a paper was presented at the conference by Professor Hope, and in the discussion which followed it was quite noticeable that Professor Hope's general statements were not in any respect seriously challenged. I propose, therefore, to place before the house some of the conclusions at which Professor Hope arrived.

He showed first the disastrous decline in the value of farm products in recent years. At page 150 of the report of the conference he says:

> The Dominion Bureau of Statistics estimated that for the period 1926 to 1929 the average annual cash sales of farm products in the three prairie provinces amounted to about $530,640,000. For the three years 1931 to 1933 the annual average amounted to $164,439,000, a reduction of $366,201,000 per year. For these three years alone, 1931 to 1933, the total reduction in cash income amounts to over one billion dollars compared with a similar period of three years before the depression and drought period. Cumulating each annual deficit below the average 1926 to 1929 figure of $530,000,000, the total shrinkage in cash sales up to 1938 amounts to approximately $2,700,000,000. The debt structure of western farmers prior to 1929 was based on the assumption that this total deficit would be in the form of income in the years following 1929. The unfortunate turn of events since 1929, has resulted in some debt reductions, worn out equipment, depleted homes and clothing and in some cases impaired health of the farm population. And the story is not finished.

Thus Professor Hope paints a word picture of western agriculture. He goes on to say

that these conditions resulted in the intolerable burden which made dominion aid essential. He says:

The Saskatchewan brief before the Rowell commission on interprovincial relations, after exhaustive analysis estimated the total farm debt of Saskatchewan at December, 1937, to be approximately $482,000,000. In 1938 practically no interest was paid on this debt, only half the taxes were collected, direct relief and seed and fodder have been given on a big scale following the widespread drought of 1937. It is estimated that the total debt increased about $64,000,000 during the past year and now stands at $546,000,000 or about $18 per acre of crop land, or about $25 per acre of seeded crop.

Then Professor Hope, at the conference, proceeded to show that this debt situation, originating not only in crop failures and in depression but in low prices, was only a part of the picture. He goes on to say, on the same page:

But the total farm debt is only a part of the story. Ten years in which a combination of prices and yields have reduced two-thirds of the farming population to a subsistence level, and a steadily mounting debt, have left their mark on the physical equipment of the country. The Saskatchewan brief estimated that it would require at least $200,000,000 to bring the farm buildings, machinery, household furnishings and clothes of the farmers of Saskatchewan up to the moderate standards of 1931. Since this figure was calculated another year of partial depletion has been experienced. Under the circumstances the $200,000,000 which amounts to $1,450 per farm is conservative. Over the drought area itself, comprising two-thirds of the province it would be close to $2,000 per farm.

Then he tells other parts of Canada that on a Fort William price of eighty cents for No. 1 northern these obligations cannot be met and western agriculture cannot prosper. He says:

There is a feeling prevalent among some people who are not entirely conversant with the west, that because of the numerous cancellations of indebtedness, such as taxes, relief and arrears of interest, the debt situation is solved and it only needs average yields with present prices to clear up the whole situation. Such is far from the facts. It is true many concessions by creditors have been made. But in Saskatchewan at least, due to a continuance of unfavourable climatic conditions for the past two years and low prices this year, a situation has been reached where considerably more than half the farmers with average yields and present prices for wheat (80 cents basis Fort William) cannot hope to liquidate their debts and restore the conditions of their farms and homes to the pre-depression level.

I shall not go over all of the ground that Professor Hope covered in relation to the costs of production. This no doubt will be thoroughly discussed when the bills to be presented by the government are brought down, and the question of costs of production can wait until then. But I should like to point out that allowing living costs, not on as high a scale as the hon. member for Battle River (Mr. Fair) suggested a few moments ago, but at from $700 to $850 per year for the average farm family, with average yields, Professor Hope says:

Conservatively, it would probably require with average yields a farm price for wheat of average grade—

Not No. 1 northern, mark you, but average grade:

—of about ninety cents, with coarse grains in proportion, to maintain a reasonable level of living and service the present debt on western farms. It would require somewhat more than this to restore the farming community to the condition of 1931.

And this ninety-cent farm price estimated by Professor Hope for the average grade is for wheat from average land. The minister pointed out that there are lands that can produce a bushel of wheat for considerably less than ninety cents, but Professor Hope states that, taking the lowest cost of production he quotes for a bushel of wheat in the Regina and Rosetown areas, not one per cent of Saskatchewan farmers have the requisite machinery and the proper type of land to produce wheat at that relatively low cost.

Mr. BOTHWELL: May I ask my hon. friend how he computes that ninety cents?

Mr. COLDWELL: I did not want to go into that detail this afternoon, but I would refer the hon. member for Swift Current (Mr. Bothwell) to page 151 of the proceedings of the conference on markets for western farm products, where Professor Hope gives the data upon which he bases his calculation of ninety cents. Now ninety cents, let us remember, is a farm price, and if you add eighteen or twenty cents to the price of the wheat you find that well over a dollar a bushel is required at Fort William to give this farm price of ninety or ninety-five cents. This, surely, explains why the west is in the condition in which we find it to-day.

May I say that in regard to this particular matter there is general agreement among the people of western Canada. L. W. Brockington, K.C., well known to members of this house as the chairman of the Canadian Broadcasting Corporation, was for some time counsel for the Northwest Grain Dealers' Association, connected with the Winnipeg Grain Exchange, an organization for which many of our western farmers have no love, and which many of us would like to see eliminated. But in a discussion at the conference, Mr. Brockington questioned Professor Hope. I quote from the proceedings:

I would like to ask Professor Hope, if I might, two questions. This morning, in quot-

ing figures as to the minimum price of wheat necessary to maintain certain amenities in Saskatchewan, you were, I think, referring to the price on the farm and not the price at Fort William. The following essential fact, however distasteful it may be to some people in eastern Canada, should be stated directly. Am I correct in drawing from your remarks this morning this conclusion, that in so far as Saskatchewan is concerned the price of 80 cents a bushel for wheat at Fort William is quite inadequate to enable the Saskatchewan farmer to pay anything but a small portion of his existing debt, and certainly to allow him to maintain decent standards of living. Would you say that was a correct conclusion?

Professor Hope: The present price at Fort William is not enabling the farmer to pay any debt in Saskatchewan except in a few cases in the north.

Mr. Brockington: And if such a price were maintained over a period of years it wouldn't enable him to maintain a reasonable standard of living?

Professor Hope: No debt could be paid.

Mr. Brockington: How about the standard of living?

Professor Hope: Probably only just fair.

Mr. Brockington: Can you say what the conditions are in Manitoba and Alberta?

Professor Hope: That is a little more difficult, because we haven't actually got any definite debt figures on Manitoba and Alberta. It would be more or less of a guess, I admit that, but I would make a guess that 80 cents at present—60 cents on the farm—would enable the farmer in the provinces to meet very little of their interest charges.

Mr. Brockington: In Alberta?

Professor Hope: In Alberta and Manitoba, both situations, as I take it, are somewhat similar. Both have had fairly close to average yields in the last eight years.

Mr. Brockington: In view of that may I say this; If the farmer of western Canada is not to be allowed to subside into a condition of living and of livelihood less comfortable, less secure, less worthy of him and not to maintain the position that as a good and useful citizen he ought to occupy, the wheat price should be more than 80 cents.

Professor Hope: That is right.

The price discussed by Mr. Brockington and Professor Hope was a farm price and not a Fort William price. It is easy to understand also why the question of providing seed has arisen again in some areas of Saskatchewan; farmers whose crops were small gave way to pressure on the part of their creditors, or failed perhaps to understand and appreciate the importance of keeping seed. One might add that it is essential that in this coming spring the farmer seeding his land shall put in good seed.

Let me also say once again that the policies of successive federal governments, which have compelled our farmers to take low prices for their produce and to pay high prices for the things they have to buy, make this matter also a federal responsibility, for obviously they have no reserves.

The wheat price, that is the farm price, then, should be more than eighty cents a bushel. Under the conditions which prevail, the western grower must receive assistance from some source. I submit, Mr. Speaker, that the provinces are unable to provide it, and we shall have to undertake it as a dominion-wide responsibility.

May I refer again to the question of seed. I believe that if we are to keep down the amount which will be required from the federal treasury to, what is sometimes called, "bonus"—though I do not think that is the word, I would say, "compensate"—the western grower, wheat of high quality will have to be grown on our western plains. It is not quantity that will bring prosperity to western Canada. In a world where there is keen competition for a relatively restricted market, the quality of our wheat will count very heavily. I suggest that in any policy presented to this house by the Minister of Agriculture (Mr. Gardiner), however the compensation be worked out, something should be done to improve the general quality of our grain. That is to say, we should give definite encouragement to farmers who are endeavouring to produce the best grades of grain which will give Canada's wheat a standing in the world market. Unless we grow wheat of good quality—and that is one of the reasons why good rustless seed grain is so essential at the present time—and can market it at a fair price not only the western farmer suffers but everybody suffers. Eastern industry suffers, of course, but much more directly do the merchants, the doctors and the teachers suffer in the affected areas; and that these groups are suffering I scarcely need tell this house.

I remember that the hon. member for Melfort (Mr. McLean) thought the teachers were not suffering to the extent that some of the reports indicated. Just a few days after he had made that statement I received a clipping from the Saskatoon *Star-Phoenix* of January 18, from a place called Peesane, in his constituency, in which the following appears:

> Peesane school board has succeeded in obtaining a food voucher for the amount of seven dollars for the use of the teacher in Peesane school. This is the first salary that has been paid the teacher since school commenced last August.

So we see that all suffer if the harvest fails, and we cannot have harvest unless we have seed time, with fairly good seed. This, then, may I add, becomes also a matter of dominion-wide importance.

May I say to our eastern friends that a prosperous west would do much to solve

not only the problems of unemployment and industry, but also the problems of the dairy farmer and the fruit grower both in the east and along the Pacific coast. We all know that when there was money in western Canada our people were able to buy eastern products, and the entire country benefited. I should like to emphasize once more that while other branches of industry, like mining, have in the last few years to some extent compensated our general national economy for the loss in the returns from western Canada, yet the day will surely come again when we shall be made to realize from bitter experience that agriculture, and not mining or something dependent perhaps on war industries, is the great basic industry of Canada. So this is a national problem of wide implications.

I was glad to hear the hon. member for Battle River (Mr. Fair), who preceded me, make the point that wheat is not the only farm product to be considered. The time is rapidly approaching, in my opinion has already come, when this country will have to adopt minimum prices for various other farm products. At the moment we are discussing grain, so I say that with coarse grains almost worthless in many areas in western Canada, the time has come when we must consider the whole problem of grain and the advisability of adopting fixed minimum prices for coarse grains as well as for wheat. I have on my desk at the moment a telegram which I received yesterday from the directors of the Rosetown cooperative association. The Rosetown district is almost exclusively wheat growing. They urged that if an acreage bonus is to replace a fixed minimum price for wheat, the bonus should apply on all cereal crops, regardless of the size of the farm. But the point I am making is that we must realize that other grains must receive some protection in the price level as well as wheat.

To my mind the price level should be considered entirely apart from the problem of drought and of sub-marginal lands. These latter problems ought to be dealt with by crop insurance and suitable forms of rehabilitation. In the general discussion which is going on in the country at the present time these problems are being confused, but they are distinct and separate. Perhaps the government's bills will help to clarify that situation. I hope that we shall not get them confused here or in the bills which are to be presented, because to my mind they are distinct problems requiring separate treatment. The time has come when the problem of sub-marginal land will have to be tackled by the authorities, the problem of crop insurance carefully considered, and the matter of the fixed price considered apart from either of these problems. I do not know to what extent the federal department has inquired into the crop insurance system that has been adopted in the United States, but I understand that Premier Bracken of Manitoba has again given a good lead by sending down a group of legislators to Washington to look into the "ever normal granary" experiments of the United States Secretary of Agriculture.

A low fixed price and an acreage bonus will in my opinion be unsatisfactory. It would tend to keep sub-marginal land in cultivation, and not make for careful cultivation or the maintenance of a high quality product. Hence I say these problems should be considered separately. If, as I said a little earlier, more and more the success of our agriculture is to depend on quality rather than quantity of the product that we place in the world's markets, in any scheme recognition should be given to the production of a high quality product. Also the adoption of any set minimum price involves orderly marketing. In my view orderly marketing cannot be undertaken in a market half speculative and half controlled. In other words, we must have either one thing or the other, the open market or orderly marketing through a government board. We have tried the speculative market for years and found it unsatisfactory; to-day other countries in the world are setting prices and marketing through government boards, and I believe the time has come when a board or boards representative of producer interests should have the responsibility of marketing all our farm produce.

If there are still those who think the marketing of our products at low prices will win back the lost markets, I do not believe that opinion can be upheld to-day. A flow of cheap wheat will not wash down hostile tariff walls and remove the embargoes of the European dictators. We must face the grim reality, regrettable though it be, that self-sufficiencies and nationalisms across the sea have entirely altered the picture as far as marketing our wheat is concerned. Hence it seems to me that instead of looking overseas for a solution, waiting for trade to improve and all that, the problem is right here on our own door step and requires not only our best efforts but the very best brains we can find in the country to do the thing that has to be done. I believe we are more and more being forced to the conclusion that this involves planning of our agricultural production, and

the adoption of minimum prices, crop insurance and a comprehensive national marketing scheme.

I noticed that the hon. member for Battle River spoke of a Cooperative Commonwealth Federation meeting urging a sit-down strike. Of course strange resolutions are often presented at local meetings and carried, but that certainly does not mean that the organization with which I am connected believes in that method of dealing with this problem. In fact we have long been on record. Our Regina manifesto of 1933, and the platform subsequently published, in regard to farming calls for:

(f) The setting-up of marketing boards for primary products under growers' control.

(g) A guaranteed minimum price, based upon the average cost of production over an average period of years, to reduce the disparity between the prices of agricultural and industrial products, and to provide the farmer with an adequate standard of living.

In an explanation regarding that issue published by our national office we find these words:

The proposals submitted in this plank are clear, practical and urgently needed. A guaranteed and adequate minimum price must be adopted by the government for farm products. This, together with the abolition of monopolies which exploit the farmer, the adjustment and reduction of accumulated debts, suitable schemes of crop insurance and the development of cooperative organizations and marketing boards enabling the organized farmer to mind his own business, are fundamental requirements of a rehabilitated agricultural industry. Moreover, the problem is national in its scope and effect and must, therefore, find its solution on national and not on provincial lines.

So this afternoon I have endeavoured to place before the house our point of view. I have also placed before the house a few excerpts from a document which I wish every hon. member would read, the proceedings of the conference on markets for western farm products which was arranged by the government of Manitoba and held in Winnipeg from December 13 to December 15, 1938.

It seems to me that if this parliament is going to grapple with this problem, the members of this house must have the picture clearly in their minds. I know there are still some people who think the west, like a poor relation, is dependent upon the east. That is not true. After all, western Canada has, in bygone years, produced vast quantities of new wealth, upon which the great buildings and great industries of eastern Canada were largely founded. So, Mr. Speaker, I have pleasure in supporting the resolution, although I have reservations with regard to the suggested price, which I do not think may be high enough.

Mr. H. A. McKENZIE (Lambton-Kent): I did not intend to speak on this resolution, Mr. Speaker, and I shall be very brief in my remarks. When I came into the house this afternoon and read this resolution, I thought it was not too bad, that it would take in all Canada; but when I saw that it referred to No. 1 northern, I knew at once it had to do only with the three western provinces. Canada is an agricultural country, and to my mind the problems of the farmers are the most important problems before the people to-day, because at least forty per cent of the people live in rural districts and derive their livelihood from some branch or another of agriculture. I believe that a prosperous agriculture means a prosperous Canada, and further I believe that we shall never be economically sound in this dominion until the producers of primary products receive much better remuneration than they do to-day.

I have every sympathy for the western farmer; I should like to see him get ninety-five cents or a dollar or even more a bushel for his wheat, but the setting of a minimum price for wheat has proven rather dangerous this year. I assume that step was taken under the wheat board act which, if I remember correctly, was passed in July, 1935, enabling the government to set a minimum price for wheat in the western provinces. Since that time I believe the government have taken some action each year in regard to the price of wheat.

I wonder how the government arrived at the minimum price of 80 cents a bushel for No. 1 northern wheat, basis Fort William, this year. On looking up the market quotations I find that on August 4, when the minimum price was fixed at 80 cents, the Winnipeg market closed at 86⅞ cents for cash wheat and 76⅞ cents for October futures. For several weeks futures prices on world markets had been fluctuating moderately, based approximately on the August 4 level, sometimes rising a few cents above it. For example, at Winnipeg on June 1, October futures sold at 76⅜ cents, and on August 4, at 76⅞ cents. In the meantime they had fluctuated between a low of 73¾ cents and a high of 89⅝ cents. On the same dates October futures in Liverpool had been at 82 cents and 83½ cents, and in the interval ranged between 82 cents and 91 cents. September futures in Chicago, on the same dates, sold at 69⅞ cents and 68⅞ cents, ranging between 67⅛ cents and 83¼ cents. So probably the government should not be blamed too much for setting the figure at 80 cents, but how did it work out? Well,

as we all know, it has worked out rather badly and is expected to cost the taxpayers of Canada approximately $48,000,000.

But, Mr. Speaker, that $48,000,000 went to the people who had good crops; for last year the wheat crop of the west has been estimated at from 250,000,000 to 300,000,000 bushels, and, as I have said, the benefit of that legislation went to the people who had the crops. It seems to work on the basis of the old parable concerning the talents: To the man who had ten talents were given ten more; to the man who had five talents were given five more, but from the man who had one talent was taken away even that which he had. So the basis was this: To him that hath shall be given, and from him that hath not shall be taken away even that which he hath. That certainly did not help the men on relief at that time; they are still on relief. The man who did not have a crop did not share in that $48,000,000, which went to reimburse western farmers for their bountiful crop. That seems hardly fair to the remainder of the farmers of Canada.

Ontario farmers produce approximately 20,000,000 bushels of wheat a year, and last year they had to sell their wheat at approximately fifty cents a bushel. But they did not get fifty cents, because they had to give up part of that price in order to reimburse the western farmer who had a good crop and who had received more for his wheat than the Ontario farmer was paid.

The western farmers say, "Oh, but have we not paid tribute to Ontario industrialists for many years?" Well, the Ontario farmer has paid the very same tribute, and it must be remembered that the farmers of Ontario outnumber the farmers of any single province of the west. According to the bureau of statistics there are 170,660 farmers in Ontario, 115,000 farmers in Saskatchewan and 85,000 farmers in Alberta. The Ontario farmers live under the same tariff regulations and restrictions that affect the western farmers, and the only possible difference between them is in connection with the freight haul.

I must say that I oppose this resolution asking for a set price of ninety-five cents per bushel. I believe that the wheat board act should be amended or should be removed from the statute books altogether, and that any such legislation should deal with the whole of Canada. Ontario farmers are not at all prosperous. Perhaps we have not as great a wheat problem; but farmers engaged in dairying, poultry raising and other branches of agriculture are not receiving the cost of production for the produce they have to sell.

[Mr. H. A. McKenzie.]

Again I say I have every sympathy for the western farmers, but this minimum price certainly works out very badly. I am sorry to have to take this stand; but I am not thinking so much about the western farmer, the eastern farmer, the industrialist or any other individual. I am at least trying to think of the people of Canada as a whole and what is in their best interests. This resolution, if adopted, would not give the same advantages to all the farmers of this country, so I must oppose it.

Mr. H. E. BRUNELLE (Champlain): I had not thought of speaking on this motion, Mr. Speaker, but I believe it is my duty to express my opposition to it. The motion reads:

> That, in the opinion of this house, this parliament should immediately take such steps as are necessary to ensure the farmers of Canada a fixed price of ninety-five cents per bushel for number one northern wheat at their local elevator.

In the first place I think the motion is useless, in view of the recent declaration by the Minister of Agriculture (Mr. Gardiner) that there would be no more fixed prices for wheat. In the second place, if we are to help the western farmers I think there are other tillers of the soil who are in as great difficulty as the farmers of the west. I have particular reference to the dairy farmers of eastern Canada. If the hon. member for Bow River (Mr. Johnston), who moved this resolution, is sincerely interested in agriculture, as I believe he is, I think he should have suggested a plan under which all the farmers of Canada would obtain some advantage.

I suggest that the dairy farmers of Canada are entitled to particular help at the present time. During the past few years the federal government has guaranteed a certain price for western wheat. There were good reasons for making such regulations. Western farmers have to face a situation which is anything but satisfactory. They are exposed to soil drifting in the early spring. On some occasions they have to seed their land over again, if they can afford to buy the seed for the second operation. In June and July they are exposed to excessively hot winds which burn the growing wheat grass. They are exposed to hail storms which destroy whatever crop they may happen to have. They are exposed to the dangers of frost and rust which every year do substantial damage in some wheat fields. Finally, when the crop is harvested they cannot always sell it. Indeed, the west is far from being an ideal location for farming.

I am familiar with conditions in the west. I have hundreds of acres of land in Saskatchewan

which, since 1929, have brought me no income. I feel, however, that is my difficulty, and not one which the ratepayers of the whole country should be asked to carry. If I lose money in the west, and if my properties do not pay I do not believe I am justified in asking compensation from anybody else. I should like other farmers in the west to take the same attitude as I take.

There are farmers in Ontario and Quebec, and some in my constituency particularly, who at one time or another have had to sell their butter and cheese at prices which have allowed them no profit whatever. There are legions of farmers in those two provinces who can scarcely make ends meet, simply because they do not obtain reasonable prices for their products. Dairy farmers need assistance, and need it badly. The commodities they must buy are sold at high prices. Farm machinery, despite recent reductions, is being sold at exorbitant prices. In fact, all the necessities of life on the farm must be purchased at prices which necessitate a much higher income. Yet, in spite of their difficulties, the eastern farmers have never had any bonus or special compensation for their losses. They have never been guaranteed any set price. I have submitted on other occasions, and I again say, that particularly the eastern dairy farmers should have assistance. Is it not as expedient to guarantee the eastern farmers a certain price as it is to give that guarantee to others?

I would ask the hon. member for Bow River to pay a visit to some of the eastern farmers. I do not suggest that he should see the farmers who are living in the vicinity of the big cities; let him visit those who live in the remote sections of Ontario and Quebec. If he were to do so, he would find out that the plight of our farmers in the east is not such as will enable them to help others very much longer.

I know the government is unable to pay the deficit of every producer; I know it is impossible to assure success to all, but I repeat that if we are to help one class of farmers we should help the whole class—not a class within a class.

Mr. BLACKMORE: Is the hon. member aware that the suggested guaranteed price is for all the farmers of Canada? If he will read the resolution he will find that out.

Mr. BRUNELLE: That may be. Of course the resolution refers to "No. 1 northern." I believe in the same treatment of all and special privileges to none.

I have faith in the Minister of Agriculture, and I am sure he will find a way to help the farming industry of the whole of Canada. I have confidence in him because I am sure he is, if not the greatest, one of the greatest ministers of agriculture we have ever had. To avoid any possibility of contradiction, I should say he is the ablest of the ministers of agriculture the country has had.

Mr. LAPOINTE (Quebec East): This is a good speech.

Mr. BRUNELLE: I am opposed to the motion asking for a guarantee of ninety-five cents per bushel for No. 1 northern wheat. I am opposed to any guarantee of prices which would not include every Canadian farmer who, like a great many of our eastern farmers, is in need at the present time. If this motion comes to a vote I shall vote against it, despite the fact that if it were passed it might prove beneficial and profitable to me, on account of my holdings in the west. I am convinced, however, that it is unfair, and I shall live up to my convictions.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, I should like to say a few words in support of the principle of the resolution now before the house. What I shall have to say will be both brief and general in nature, because the Minister of Agriculture (Mr. Gardiner) has already outlined a wheat policy, the details of which are not yet before the house. I believe it would be unwise in a debate on the resolution to enter into a discussion of those details, and for that reason I shall confine myself to the principle of a guaranteed price for agricultural products.

I should like to say, however, that on the 16th of this month I listened with keen interest to the speech of the Minister of Agriculture in which, very vaguely and indefinitely, he outlined a wheat policy. Very few of us know any of its details, unless we have been following closely the western papers. From day to day I have been deeply interested in noticing articles by Chester Bloom, in which a number of proposals are set out. For instance, I notice Thursday's paper contained the statement, "Production cost of wheat may be set at sixty-three cents", and Saturday's has the following in red ink:

Bigger bonus on smaller yields. Three separate bills to cover Ottawa's new grain marketing policy for dominion.

I do not know whether or not it is becoming a habit with the government, but members of parliament have either to go to banquets or to read the press of two or three hundred miles away to find out what impending legislation is going to be. We shall, however, be glad to see it when it does comes down, and to learn something about the details at that time.

First of all, may I say a word or two respecting the observations of the two hon. members who have preceded me. Naturally they have expressed the point of view of men representing eastern agriculturists. I have a great deal of sympathy with their point of view. I have spent a good many weekends in the rural districts of Ontario and have seen conditions such as have been outlined by the previous speaker. This last weekend I found I had even more admiration for the Ontario farmer. I went out to a country point, got snow-bound and had to stay there overnight. If the Ontario farmer is able to travel over roads similar to the one I came over this morning, he deserves all my admiration.

I should like to say to the hon. gentlemen that we are not asking that the eastern farmer should do something for the western farmer. What we are trying to do is to point out that the same people who are exploiting the western farmer are also exploiting the eastern farmer, and that the same economy which makes it almost impossible for the western farmer to maintain a decent standard of living is having exactly the same effect upon the eastern farmer. When we ask for a fixed guaranteed price for our agriculturists, we are not asking that for western Canada alone, we are asking it for all farmers generally. Their problems are similar even though their products may be different.

The statement was made by one of the previous speakers that the fixed price for wheat was going to cost in the neighbourhood of $48,000,000. That may be debatable; but leaving it at that, I should like to point out that according to the Minister of Labour (Mr. Rogers) we are operating to-day under a fiscal system which takes $86,000,000 from the western farmer in terms of the goods he has to buy, and gives him back only $30,000,000, which leaves a deficit of $56,000,000. As has been pointed out again and again, the wheat producer is perhaps the only agriculturist who gets practically no benefit from the system of protective tariffs which we have in Canada. The hon. member who preceded me said that apart from the long freight haul, the problem of the eastern and the western farmer was the same. That is not so. While the eastern farmer buys his goods in a protected market, he is able to sell in a protected market most of the commodities he produces. The western farmer, particularly the wheat producer, sells almost exclusively on a world competitive market, while he buys in a protected market which raises the cost of the commodities he has to purchase.

[Mr. T. C. Douglas.]

I do not want to raise the issue of the east versus the west. I think the plight of the farmers across Canada is serious. When I hear a man like the premier of Ontario saying at a banquet in Toronto last fall that the east is like an old milch cow which the west had been milking for years, all I can say is that if the western farmers have been milking that cow for some years, they have been feeding it for all the years. They have been feeding it in terms of tariff protection, high prices for machinery and the necessities of life, high freight rates, increased cost of implements of production and increased interest rates on the money they have been compelled to borrow.

It is not my intention at this time to deal with this subject at any length, but I should like to touch on one or two phases of the principle of this resolution. First, I should like to deal with the justification for fixing a guaranteed price. I should like to draw to the attention of the house the fact that the farmers are operating with increasing costs and decreasing incomes. Over a period of years, while the prices they have received for their products have been dropping, the cost of producing those commodities has not dropped in proportion. I should like to refer to the proceedings of the conference on markets for western farm products, called to sit in Winnipeg by Premier Bracken. I refer to page 17, which contains a statement by Major Strange, a wheat economist, who is, I believe, connected with the Searle Grain Company. I quote a short paragraph as follows:

> However, the cost of production for farmers of western Canada to-day is about 37 per cent more than it was before the war. The greater part of that is owing to the tariffs of Canada, and the other smaller portion of it is due to the higher hourly rates of wages of labour. But the greater portion is from the tariffs.

I direct the attention of the house to that statement.

An hon. MEMBER: You are supporting the treaty?

Mr. DOUGLAS (Weyburn): We have stated already we are supporting the treaty. Here we have a wheat economist of some reputation saying that, in terms of what he has to pay for the commodities he needs, it costs the farmers 37 per cent more to-day to produce a bushel of wheat than it cost him to produce it before the war. I should like to refer to a statement made by Professor Hope, which appears at page 149 of the same proceedings. Dealing with fixed costs, interest charges and so on, he said:

> It is because of the high fixed charges in agriculture that farmers, perhaps more than

any other group, are particularly concerned with prolonged periods of low prices. In a period of low prices the farmer cannot reduce his labour costs by firing his family. It is true he can reduce some of his living costs, but there is a definite limit even to that. His life insurance is fixed and most of his cash costs of living are the result of retail prices set by powerful groups who limit production in order to maintain prices. His buildings and machinery replacements can be postponed, but eventually they have to be met if he is to stay in production. The interest and principal of all his debts become due and payable. Before very long, in spite of all the economies possible, even to the extent of depriving his family of the bare necessities of a subsistence living, and the little so-called luxuries that make life worthwhile, the farmer is bankrupt and realizes that after twenty years of labour he has nothing he can really call his own. It does not help matters to say that the farmers should not go into debt and thereby decrease their fixed charges. As pointed out previously this is a normal and necessary thing in the transfer of ownership. It is true that some farmers have contracted too much debt even for normal times, but surely the creditors have had as much to say in this matter as the debtors. It takes two people in a contract for one to go into debt.

I do not think that needs any elaboration. I have some statistics here, but I shall not quote them because the house has perhaps had all the statistics it can digest in one afternoon. An examination of the indices shows that while the indices of the costs of the things the farmer buys have risen and have remained fairly stable, the indices of the costs of the commodities he has to sell have dropped steadily, in some instances disastrously. This was particularly true last fall. The people in the west have been praying for a good crop. They had a fairly good crop last year, the 1938 crop being practically double the 1937 one. In spite of that, however, the cash income was not much larger, and the net income was actually less. This shows, of course, that producing more goods is no answer unless the results of producing those goods will give you a bigger income and a better standard of living. We must enable the farmer to reduce his costs, or we must make it possible for him to bring his prices into relationship with his costs.

Can we help the farmer to reduce his costs? I think all of us who have lived in the west have believed for years that the farmer's costs could be reduced mainly by lowering the tariff on the necessities of life and the implements of production. I have no hesitation in saying that for many years I held vainly to that hope. The Liberal party had, and still has, its strength in western Canada largely because the people continue to believe that if you lower the tariff on the necessities of life and the implements of production you will enable the farmer to produce his commodities for less, and consequently to compete on the markets of the world.

I used to believe that; but at last, disillusioned, I have had to surrender my faith in any such reduction. It is easy to see why a reduction in the tariff has not been followed by a drop in the farmer's cost of production. Why? First of all, of course, because even in the Liberal party there are sections that are going to see to it that special privileges are still protected and preserved, and that certain tariffs do not drop too low. The second reason is that reductions in the tariff can always be offset by changing valuations for duty purposes and other regulations that nullify the effect of lowering the tariff. But the main reason why reductions in the tariff have not been followed by a reduction in the cost of production is the fact that since the great war we have moved from a competitive capitalism into a monopolistic capitalism, in which the elements of competition are no longer present to bring down prices when the tariff is removed. The best illustration of that has come right under our very noses in this parliament in the past four years.

When the present government came into power there was a twenty-five per cent duty on farm machinery. Hon. gentlemen opposite were elected on their promises to lower the cost of farm machinery, and I say to their credit that one of the first things they did was to reduce that tariff from twenty-five per cent to 12½ per cent, and in the next budget from 12½ to 7½ per cent, so that the tariff on farm machinery to-day is only about thirty per cent of what it was in 1935. Has that tariff reduction been followed by a reduction in prices? It has been followed by three increases in price. Why? Because the element of competition has been removed. In the agriculture committee that was set up to study farm implement prices and did so very thoroughly, it was pointed out that one company controlled sixty per cent of the farm implement industry. Not only had it a monopoly in this country, but international capital controlled its production on both sides of the international boundary. It was also pointed out that the various implement companies had competition with respect to service but not with respect to price, and so when the tariff was reduced prices did not go down, but, on the contrary, went up. The law of supply and demand was no longer effective because even during the depression the manufacturers restricted production and kept prices of agricultural implements up; in fact, actually raised them.

I draw attention to these facts, Mr. Speaker, because I think it is necessary that those of us who have pinned our faith on a reduction in tariffs as a means whereby the farmer could produce for less should realize that we have been pinning our faith on a waning hope. We are living in a day of monopolistic capitalism, with combines controlling the production of farm machinery, oil, gasoline, radios, and with two great packing firms controlling most of the meat packing industry of Canada.

I have some figures here that were collected by a group interested in research, the league for social reconstruction, in the city of Winnipeg. They are figures of comparative prices in Canada and the United States, at Hallock, Minnesota, and Morris, Manitoba, the prices being taken in July, 1937. I have checked these prices with two other points, one in Saskatchewan and one in North Dakota, where I found the spread was similar, and in some items even wider. Here is the comparison of prices in Canada and the United States, taken at Hallock, Minnesota, and Morris, Manitoba:

	United States	Canada
International truck, ¾-ton, standard equipment	$ 735 00	$ 952 00
Ford automobile, 2-door standard	685 00	871 00
4·75-19 Goodyear tires and tubes	11 75	16 80
Standard Red Crown gas, delivered large lots, tax included	23 60	27 80
Distillate tractor fuel	13 60	14 30
De Laval cream separators, 750-lb. cap	121 50	124 75
Gas engines, I.H.C.	70 00	91 00
12-foot combine harvesters with engines	1,700 00	1,839 00
Disc harrow	140 00	170 00
Sugar, 100 pounds	5 50	6 65
Coffee, per pound	28	45
Oranges	39	45
Overalls	1 69	1 95
Four-buckle overshoes	1 98	3 29
Turkish bath towels, 20 by 40	25	35
Unbleached sheeting, 36 inches wide, per yard	49	65
No. 2 I.H.C. cream separator	90 90	102 50

I could give prices on many other articles, but I have quoted enough to illustrate my point. Here you have two towns less than forty miles apart. Here are the producers, conscious of the fact that the goods which they buy and which enter into their cost of production are costing them more in Canada than they could buy them for across the line. I went into the little town of Minton in my constituency and found that a man had gone across the line and bought a pair of overalls in Plentywood, Montana, the big supersix overall, for ninety-eight cents, whereas the price in a Canadian town less than thirty miles away was $2.20.

It is not going to be possible very much longer to keep on telling the farmer that if you reduce the tariff you are going to cut down his cost of production and enable him to compete in the markets of the world. He is now coming to see that somehow or another the octopus controlling the economic and financial system of Canada is able to fix more or less the prices of the commodities the farmer has to buy and leave him in the position of taking almost anything he can get for what he has to sell. We must face the fact that we have moved into a state of monopoly. Take the things we buy every day. Twenty years ago I remember often buying a package of Wrigley's chewing gum. It cost me then exactly what it costs to-day, five cents, while in the meantime the price of wheat may have gone up from thirty cents to over $2 a bushel and fluctuated in between, but the price of chewing gum has remained the same. Why? Because the manufacturer is able to fix the price. The same is true of automobiles, radios and all the other commodities a farmer has to buy, particularly those he must buy in order to produce his goods.

Mr. MARTIN: Is the hon. member opposed to a tariff on automobiles?

Mr. DOUGLAS (Weyburn): I am opposed to a tariff that makes it necessary for a man to pay more for what he has to buy unless the government is prepared to give him some compensation for the extra price he is now compelled to pay. I object to the farmer having to buy in a protected market and sell in an unprotected market. If he is to be asked to sell in an unprotected market, he should be allowed to buy in an unprotected market. But the fact is that he is compelled to buy in a protected market, to protect certain eastern interests. I have no objection to setting up an economy that tends to protect industry in eastern Canada; but I say that, in compensation for the benefits received, eastern industry ought to be prepared to see that those

whose costs are thereby increased will receive a square deal by means of compensating adjustments.

I want to point out in conclusion that since we cannot—and I believe it is evident that we cannot—under our existing fiscal system reduce, at least to any appreciable extent, the cost of agricultural production, we are bound to do for the farmer what we are doing for other industries, namely, guarantee him a cost of production which will be commensurate with a decent standard of living. I have in my hand the bulletin issued by the Searle Grain Company on Thursday, February 16. The author is discussing the very objections to this plan which have been mentioned by some hon. members opposite. He says this:

A dispatch from Ottawa was published also on February 13th to the effect that there seemed to be in Eastern Canada a realization that public finances of the dominion could not stand an annual drain of the present wheat price guarantee of eighty cents, and that the present policy would lead to serious increase in wheat acreage.

The Bracken conference of course must have taken objections of this kind into consideration. We, however, for our own part would like to suggest that these do not appear to be very valid. It has been often shown that eighty cents for No. 1 northern Fort William is still well below the cost of production of wheat by the great bulk of the farmers, and as such, certainly is no inducement for producers to increase their wheat acreage.

May I make just one other citation in support of what I have said? Referring again to Professor Hope—who, I think, with Professor Britnell, is one of the best agricultural economists in western Canada, and one of whose work the people of Saskatchewan are proud—I find the professor has this to say:

On the basis of the facts presented, if all the farmers of western Canada were entirely free of debt, or if they did not pay their debts, it would seem that the present farm prices for grain would probably barely maintain a reasonable level of living. It certainly would not maintain a reasonable level of living and enable them to build up their buildings, machinery, homes and personal effects up to the level prior to 1931.

Conservatively it would probably require with average yields a farm price for wheat of average grade of about ninety cents, with coarse grains in proportion to maintain a reasonable level of living and service the present debt on western farms. It would require somewhat more than this to restore the farming community to the condition of 1931.

So I submit to this house that, while the problem of all farmers demands the attention of this parliament—and like my deskmate, I agree that we ought to study seriously the possibility of fixed guaranteed prices for all agricultural producers—the wheat producers of Canada, whether west or east, have a special claim upon our attention because, while their costs of production are held more or less stable by virtue of the economy under which we live, they have continued for the past seven or eight years to sell their products on the markets of the world at a figure that has not given them a decent standard of living for themselves or enabled them to meet their obligations, and consequently has worked a hardship upon the business people with whom they are associated.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. J. H. BLACKMORE (Lethbridge): In rising to support the resolution in favour of ninety-five cent wheat for the farmers of Canada, it is my particular task to show where the money is to come from. I believe that the words of the hon. members who spoke first and second on the resolution show that there is developing rapidly in Canada an agricultural problem of major importance. This government has already signified that it realizes, first, that the problem exists; and, second, that it is a major problem. What is disturbing people all over the dominion is the question what we are to do to get the money to pay these fixed prices on wheat, meat, wool and every other kind of commodity as similar claims come along. And these other claims will certainly come along. For us to suggest that the western farmers should get a just price for wheat, and to imply that eastern farmers are not to get similar consideration, would be an absurdity unworthy of the members of this house. I hasten to say that there is no such implication in what I have to say.

I am in favour of giving a just price for every primary product. At the same time I believe that this little group which I have the honour to lead is the only group up to the present time which has suggested a practicable scheme whereby the money for this purpose can be raised, without taxation.

Mr. MacNICOL: This is going to be good.

Mr. BLACKMORE: I know there is in the minds of many hon. members, notwithstanding the earnest efforts we have put forth during the three years we have been here, a certain scepticism concerning our whole set of suggestions. I do not blame hon.

members for this, but I hasten to tell them that they are profoundly mistaken, and the day will come when they will realize it, and their children and grandchildren will be stricken with amazement that their parents could not see this. That time is coming as sure as we are here in this house. We may recall, for example, that only seventy-five years ago it was impossible, I am told, to sell a furnace to the average citizen of Boston; for he said, "What, go to bed and leave a fire burning in my basement?" Absurd as that sounds to us, just as absurd will seem the attitude which a good many people are taking towards monetary reform.

I point out that the first resolution which this group moved was one which rather mystified a good many people. It called upon the dominion government to proceed at once to create purchasing power, and to use that purchasing power in ameliorating economic conditions in Canada. The government, or members of the Liberal party, have been trying ever since to get us to give details. We have the details. I have offered on several occasions, if hon. members would come to my office, to go into as great detail as they desire. But we are in this awkward position: Let hon. members imagine that nothing was known about operations for peritonitis; that we did not know any means of cleansing a wound or disinfecting a knife or stopping the flow of blood or putting the patient to sleep or any one of the scores of techniques necessary for a successful operation for peritonitis. Then suppose we suggested that the only way to cure someone was to operate on him, and when we were asked what we would do, we said, "Take a knife and cut him open." Imagine what people would have thought of that one hundred and fifty years ago, and all the discussion that would be aroused! It would seem so astounding that most people would oppose it at once. We are in just the same difficult position. But this year we intend to be much more specific in regard to the possible working out of a monetary reform system.

Mr. SPEAKER: Order. I think the hon. member is wandering from the subject. What we are dealing with is the following proposed resolution:

> That, in the opinion of this house, this parliament should immediately take such steps as are necessary to insure the farmers of Canada a fixed price of ninety-five cents per bushel for No. 1 northern wheat at their local elevator.

The hon. member should confine himself to the resolution.

Mr. BLACKMORE: I have said that the particular aspect of the subject which I wish to discuss is where the money is to come from to pay this fixed price. Is that not in order?

Mr. SPEAKER: I think it is too far from the subject.

Mr. BLACKMORE: I trust my next remarks will be nearer the subject, Mr. Speaker. If it is the desire of the house that I should give a lot of statistics I can give them, just like other hon. members. I can show that farmers in western Canada are in an absolutely impossible position, if that is of more value than showing how they can be got out of that position. But surely it is of far greater value to hon. members that I tell them how the farmers of Canada can be got out of that position. Would that be in order?

Mr. SPEAKER: There will be many other opportunities for the hon. member to discuss the subject of monetary reform, but I think he should not do so on this motion.

Mr. BLACKMORE: Then it is not in order for me to discuss how we can get the money to pay this fixed price?

Mr. SPEAKER: I do not think so.

Mr. LAPOINTE (Quebec East): If my hon. friend is in order in discussing monetary reform on this motion, because he says the money will have to be found somewhere, he could discuss it on every matter that comes before the house. I believe he should deal with that subject in a discussion by itself, and confine himself now to the question of a fixed price for wheat.

Mr. BLACKMORE: Well, it never once entered my mind that answering the everlasting and incessant question that is raised in connection with any proposal whatsoever, where is the money coming from? would not be relevant to this question. I would suppose that in the minds of hon. members, as it certainly is in the mind of every person in Canada with whom I have talked about this subject, the all important question is, "Where are you going to get the money? The idea is fine, it is good, it is right, they ought to have it," they say, "but where are you going to get the money? If you can tell us where you are going to get it, surely they should get $1.50 a bushel." That is the attitude they take. For us to come here and advocate a fixed price of $1.25 a bushel for wheat, which is what we ought to advocate, and to advocate a just price for meat, wool, honey, butter, milk, cream, eggs, hides, everything that the farmer produces; for us to urge

that that just price be given but not to tell the people how the money is to be raised, is for us to advocate an absurdity.

Mr. SPEAKER: After my decision I do not think the hon. member should proceed to give an elaborate statement of how to get the money. The question before the house is the motion which I have just read, and I think the hon. member should not wander so far from it.

Mr. LAPOINTE (Quebec East): There are many works and reforms that I should like to have in my constituency, but the Minister of Finance (Mr. Dunning) says that there is no money for them. I suggest that we both ask for those things, and then one day try to convince the Minister of Finance that there is money somewhere so that we can get what we want. But this, I believe, is not the time.

Mr. BLACKMORE: This is the first time it ever dawned upon me that it would not be in order to discuss this question in connection with such a subject. Ever since I was old enough to understand English the very first question that came up whenever I wanted anything was how I was going to pay for it; for, if you cannot pay for a thing, you cannot have it. So, in deciding whether or not we should give the farmers of Canada a just price for their products, the whole question depends upon whether or not we can get the money without taxation and without borrowing. Of course if you, Mr. Speaker, feel that to be out of order—

Mr. SPEAKER: I think it is.

Mr. BLACKMORE: Very well.

Mr. HANSELL: In rising to that point of order, Mr. Speaker—

Mr. SPEAKER: I have given my decision and have said that the hon. member should confine his remarks strictly to the resolution now before the house. Otherwise we could discuss all sorts of things.

Mr. BLACKMORE: Well, Mr. Speaker, if I had only known this five minutes ago I would have had plenty of material here to go on with, because I have a whole drawerful of material similar to that which was brought forward by the hon. member for Bow River (Mr. Johnston) and the hon. member for Battle River (Mr. Fair). There is no doubt in the world that the time is coming when we simply must give the primary producers prices which will enable them to recover the cost of production plus a sufficient profit to enable them to live. From Winnipeg west there is not a single agricultural product, so far as I know, which the farmers can produce consistently and make pay. I think I can defy anyone successfully to challenge that statement. The only hope we see, then, is this: Under our present system can the country change its ways and bring about a better situation so that the condition of the farmers may be improved. If it cannot, then I say it is a foregone conclusion that the industry of agriculture is doomed to failure and ruin.

If I am not to be allowed to talk about how to get out of the difficulty, I can talk about the difficulty itself. I wish I had some of the material that I have in my room in volumes, so that my words might be of greater worth, because of themselves words are of no value. I must say that one thing which has depressed me almost beyond endurance has been to sit in this house and listen to men talking, talking, talking, about what ought to be done but which cannot be done under the present system. What is the use of talking? I do not wish to be critical, but I am going to say a word or two about the two old parties, the Liberals and the Conservatives. I have not the slightest fault to find with them, except that there is not an idea in either party that will come anywhere near solving the problems with which we are faced. I challenge any man in this house to name a single solitary principle in the program of either party which will solve this problem: first of all, how to get more money in this country. If we go into debt we are simply mortgaging the future, and our children, the citizens of to-morrow, will be faced not only with the problem with which we are faced—

Mr. SPEAKER: Order. I have to remind the hon. member once more that the resolution states:

> That, in the opinion of this house, this parliament should immediately take such steps as are necessary to insure the farmers of Canada a fixed price of ninety-five cents per bushel for number one northern wheat at their local elevator.

I do not think it is the proper place or time, in connection with a resolution of this kind, to discusss our monetary system or how the money can be obtained.

Mr. BLACKMORE: Very well. I am wondering what could be talked about.

Mr. SPEAKER: I must ask the hon. member to deal with the subject matter of the resolution before the house, as to whether or not it is advisable to adopt the resolution.

Mr. BLACKMORE: Well, manifestly it is advisable. Without at least ninety-five cents a bushel we are going to have the whole

agricultural population on relief in due time, and it is only a matter of time. You simply cannot produce wheat costing you ninety-six cents a bushel and sell it for ninety-five cents, and keep going. If we had known we were going to be held down in this way, Mr. Speaker, we would have divided up the material that was placed on *Hansard* by the hon. member for Bow River and the hon. member for Battle River. If hon. members will read carefully the remarks of those two hon. gentlemen they will see that it is absolutely inevitable that we should pay at least ninety-five cents a bushel, or more. Otherwise we shall have not only the whole agricultural population but also at least three provinces on relief.

There is one tendency which I have noticed in this house, and which I regret. A great number of people are indisposed to listen to a contention such as this. They say, "Well, the western people are always coming down here asking for something." That is a monstrous untruth.

Mr. BOUCHARD: That is what we are here for, to ask for something.

Mr. BLACKMORE: All we are asking for is a set of conditions under which we can live. Take the Searle index, which was referred to this afternoon. Hon. members will remember that it definitely proved that for the 147 commodities the farmers buy, the index price is 136·5, speaking from memory, compared with the figure of 100 for those same 147 commodities before the war, and the farmers are getting less for their products than they were getting before the war. Even at that time they were barely able to carry on. That alone is enough; that proves it.

I shall not occupy any more of the time of the house. But I will say this—and I do not want it construed as a threat—that if there is going to be an effort to shut us off every time we undertake to talk social credit, we will create situations in which it will be in order, and they will be plentiful.

Mr. ARTHUR J. LAPOINTE (Matapedia-Matane): (Translation): Mr. Speaker, in rising to speak briefly on the motion of the hon. member for Bow River (Mr. Johnston), my first words will be to state my unhesitating opposition to it. The hon. member asks the government to take immediately such steps as are necessary to ensure the farmers of Canada a fixed price of 95 cents for number one northern wheat at their elevator. Why stop there? Why not one dollar instead of 95 cents?

Such a policy, Mr. Speaker, would indeed be favouring the west at the expense of the east. It is high time that the people of western Canada learn to turn somewhere else than towards the government when they find themselves in difficulties. Hearing certain hon. members speak, one would think that the depression struck only the west. Let them go east and look around; they will find that there also distress is present. They will find our workers unemployed; they will find our farmers threatened with the loss of their farms which they have hewed out of the virgin forest by the sweat of their brow. It is my opinion that the western provinces have been amply assisted by federal governments. If the latter are to continue in this course, they will have to make up their mind, as my friend the hon. member for Champlain (Mr. Brunelle) said this afternoon, to subsidize the farmers of the east.

They will assuredly have to come to the aid of the butter and cheese producers who are faced with ruin because of the surplus quantities of these products now on the market. They will have to help the potato growers who a few years ago had to sell their product at 8 or 9 cents a bushel. They will have to help the farmers who, as in the autumn of 1936, saw their crops destroyed by early frosts. Doubtless, Mr. Speaker, each province has its problems and its troubles; but it is wrong to take advantage of the present difficult times to raise one province or one section of the country against another.

Hearing some of my hon. colleagues from the west, one would think that it is western Canada that has built up the eastern provinces and has ensured their livelihood. It seems to me that eastern Canada has contributed a large share in the construction of the western railroads, when certain sections of the east, in Quebec province, for instance, were sacrificed. I think each section of the country furnished its share. Let us seek to understand our problems better; we shall then find it easier to solve them.

Mr. HANSELL: Mr. Speaker, on a point of order: I would like to ask if the hon. member is reading his speech?

Mr. SPEAKER: To my mind he is not.

Mr. HANSELL: He is looking down, anyway.

Mr. BOUCHARD: It is French; you cannot judge.

Mr. LAPOINTE (Matapedia-Matane): (Translation) To hear some of my western friends, one would think that the west has built up the eastern provinces and supported them. It seems to me, though, that eastern Canada has largely contributed to the con-

struction of the western railways, while certain areas of eastern Quebec, for example, were being neglected. To my mind, each section of the country has made its contribution. Let us endeavour to attain a better understanding of our problems; we shall then be able to solve them more easily.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I believe the Minister of Agriculture (Mr. Gardiner) desires to close the debate. I should like to have heard a statement from him earlier in the debate on this important question. I do not think any more important question will come before the house this session than that which we have been discussing this afternoon. In view of the statement made a few days ago by the minister, it would have been a splendid thing if we had had a statement from him earlier to-day.

World marketing conditions at the present time are more or less demoralized; the situation in which the producer finds himself is extremely uncertain. This afternoon the hon. member for Rosetown-Biggar (Mr. Coldwell) referred to the report of the conference called by Premier Bracken, which was held in Winnipeg. I followed the proceedings of that conference rather closely, and I have summarized briefly what I think took place, and some of the decisions reached.

They reviewed agriculture, past, present and future. They found that the price trend on many primary products was definitely down. So far as wheat was concerned, the price was only half to-day what it was a year ago. In fact a larger crop this year has resulted in about $30,000,000 less to the producer. Certain questions were considered, and I shall give briefly the answers:

Question 1: Is there a shrinkage in world's demand?

Answer: Yes.

Question 2: Is the annual production maintained in Canada?

Answer: Yes.

Question 3: Is the low price likely to continue?

Answer: Yes.

Question 4: Is the carry-over likely to increase?

Answer: Quite probable.

The general view of the conference was that the present picture represents world conditions of an extraordinary character.

The present problem to be solved, it was decided, was the control of production, and the question was asked: Can we reduce the cost of production and control the cost of production at the same time?

While there was no definite recommendation made at the conference, we know a committee was set up to carry on further investigation. It was considered, however, that the two main factors in relieving the difficulty would be to find export markets or regain lost markets, and to lower the cost of production. In addition, it was apparent that the prairie provinces have the major responsibility, but it was also apparent that they have no desire to shirk their responsibility.

All this goes to prove that we are in a critical position with respect to marketing. I have had a little experience in different ways with respect to wheat growing and wheat marketing. As a grain dealer I have operated a private elevator, and I think I can speak with a little authority. I have had some experience on committees of this house dealing with the wheat problem, particularly when Mr. McFarland was here in 1934 reviewing his stabilization operations, when a committee of nine of us reviewed the Canadian Wheat Board Act, and at a later time when Mr. Murray's operations as head of the wheat board were reviewed.

I watched the operations of the board in its handling of the 1938 crop, and at this point I want to say that before the system of having a wheat board and marketing through that board, with a fixed minimum price, is condemned—and I assume there is truth in the statement we have read in the press and those we have heard in the house from the Minister of Agriculture to the effect that the wheat board is to be set aside so far as the handling of wheat is concerned—we should have a thorough investigation into the operations of the board in handling the 1938 crop.

I shall not take time to-night to deal with their operations in detail, but I think it is evident that the policy they pursued had a depressing effect and has resulted in a considerable portion of the loss which the Minister of Agriculture forecast we might have to take. I say that this loss is a direct result of their policy, and a matter which should be investigated thoroughly.

All sorts of evidence can be produced by authorities in the United States and Canada who are closely associated with the grain business. Before proceeding further, I wish to lay before hon. members three or four outstanding facts. This afternoon hon. members to my left had much to say about the condition in which the farmers of the west find themselves. I am going to try to give another picture to-night. I do not think we should parade our difficulties as they seem to want to do from time to time. The farmer

of western Canada realizes that he has made a contribution to this confederation, and all he wants is fair consideration.

The development of prairie wheat farming was sponsored by the whole of Canada. Wheat farming in western Canada was an important industry long before our mining industry, our textile industry, our paper industry or many of our other industries became real, national assets. But this great national wheat industry is now being threatened by subversion and, therefore, it has become the obligation of the whole of this dominion. The west was encouraged to produce during the war, and production was increased considerably.

There is another fact I should like to call to the attention of hon. members. During the last twenty-eight years the western provinces have produced, according to the bureau of statistics, 9,500,000,000 bushels of wheat. The average yearly production over that period is 340,000,000 bushels, and the average export, around 250,000,000 bushels. The average price for No. 1 northern at Fort William was $1.27, while the average price for all grades was in the neighbourhood of ninety cents. These are figures I think we should keep in mind. In the last twenty-eight years new wealth to the extent of $10,450,000,000 has been produced. What does that mean to industry in eastern Canada? What does it mean in the way of purchasing power, in the way of payments for labour and in many other ways?

In the last three years the production of coarse grains, that is, oats, barley, rye and flax, was valued at $231,000,000, even though these crops were sold at low prices. This afternoon reference was made to the fact that oats had sold at as low as eleven cents a bushel this year. I would direct attention also to the fact that we paid freight averaging about fourteen cents a bushel on that wheat. This amounted to an average of $27,500,000 a year. In the twenty-eight year period, we had paid over one billion dollars in freight, apart from lake freights. I want hon. members to note that this is on wheat alone. I shall not review the amount of money invested in the purchase of machinery, as reference has been made to this already. It is, however, interesting to note that the west purchased $20,000,000 worth of machinery annually. The freight on that machinery during that period amounted to about $250,000,000. All this must have meant something to industry and to the general business of this dominion. I am giving this side of the picture in order to impress upon hon. members the importance of this great industry in western Canada.

I do not propose to go in detail into the plans I suggested. I have a resolution on the order paper, but I do not know whether it will be reached. I should like to have had an opportunity of discussing it, but possibly I may be able to say something when the bill comes down. I hope the minister will inform the house to-night when he expects to bring down his bill. The reports which have gone out from this house have more or less excited the whole of Canada, and certainly the west is interested in having this information. Apparently this matter is important enough to have brought provincial authorities and members of the wheat pool here to Ottawa. I understand that these gentlemen are in this city at this time, and I do hope we shall have something definite in a few days.

I believe the hon. member for Lethbridge (Mr. Blackmore) was in order to-night. When an hon. member proposes to the house a plan or scheme which will need money to carry it out, it is only fair that he should be given an opportunity to show how the money can be obtained. With the scheme I have in mind I believe that over a long term of years the wheat industry could stand on its own feet. That is where our farmers want to be. They do not want to be coming to Ottawa, to eastern Canada, all the time with their hands out. We should have a proper board with proper authority. There should be producer representation on that board, and it should have the courage to act. I believe the advisory board should have been reinstated, with farmer representatives. With such a board I believe the wheat industry could carry on by itself. Later on, I may have an opportunity of outlining what I think can be done. I have definite ideas as to how we can control production and marketing.

From what I have seen announced in the press as to the scheme proposed by the minister, I want to warn him that crop insurance is a different matter from marketing. The two must not be confused. There is another point to consider. I do not think the wheat board can be scuttled for the next year. There certainly will be a large carry-over, and any other board or pool which might be set up and financed by the government to carry out a fixed minimum price policy will be in competition with the present board in connection with the surplus which it will have to carry over. That is an important point to keep in mind.

I suggest to the minister that he deal adequately with this question. We want something of a permanent nature. We do not want a board in to-day and out to-morrow. We did not have a board in 1936 when wheat was selling at $1.22, and in 1937 when it was selling at $1.31. They could have paid

the price suggested to-day quite handily and had a nice reserve set up. That would have been the proper thing to do in order to keep this on a business basis. Unless this is done, the minister is going to find himself in a worse position, and the problem will be harder to deal with later on. I think the wheat board must continue. With world marketing conditions as they are to-day, I do not think we dare scuttle the board. I hope the bill will come down in good time so that we may have an opportunity to discuss it in detail. Possibly we can put forward some suggestions which will help the minister in making this whole matter worth while.

Hon. J. G. GARDINER (Minister of Agriculture): The resolution before the house moved by the hon. member for Bow River (Mr. Johnston) reads:

> That in the opinion of this house, this parliament should immediately take such steps as are necessary to insure the farmers of Canada a fixed price of ninety-five cents per bushel for number one northern wheat at their local elevator.

Someone has said the fact that this applies only to No. 1 northern wheat confines the effect of the resolution to western Canada, and probably that is correct because it is only in western Canada that we grow No. 1 northern wheat. I therefore wish to take a few moments to discuss with hon. members the suggestion that a fixed price of ninety-five cents be established for wheat at the local elevators, I assume, in western Canada.

A ninety-five cent price at the local elevator would be about the same as $1.15 at Fort William; that is, it would be approximately thirty-five cents higher than the price which was set for this year. In other words, if there had been a price of $1.15 set for the year 1938-39, and the price of wheat had been what it has been, the Dominion of Canada would have found it necessary to put up by way of bonus about $150,000,000. Only to state that amount to the house indicates, I think, that it would be very difficult for any government, no matter what it might call itself, to fix a price of $1.15 for wheat, have the experience tripled which we have had during this last season, and have the system based upon that experience continue for one year longer in the Dominion of Canada.

I tried to state to the house about ten days ago the effect of the set price which we did have in its relationship to the earnings of farmers in western Canada, and I think it was apparent to everyone that even with the eighty cent set price we had created such inequalities in western Canada that very few would advocate a continuance of the pegged price or set price or fixed price even at the level we had last year. If we were going to assume that the price of wheat would be as low as or lower than that amount for any year in which this ninety-five price was going to be active, it is apparent that no government could retain in existence a price based upon it.

Mr. BLACKMORE: Mr. Speaker, I rise to a point of order. A few moments ago I was ruled out of order for discussing where the money could come from. The hon. minister now is discussing where the money cannot come from. Is that not out of order?

Mr. SPEAKER: I am sorry, but the hon. minister is not wandering away so far as the hon. member did.

Mr. GARDINER: The hon. member for Qu'Appelle (Mr. Perley), speaking a few moments ago, said something to the effect that if we had had a board in operation with a set price for 1936 and 1937 we might have created a reserve—I think that was the term he used—to take care of some of the losses in succeeding years. But, unfortunately, under the legislation which we have at the present time, it would not have been possible to do that; for it provides that after the initial price has been paid, any additional earnings, if there are any, are to be paid out in participation to the individuals who delivered the wheat, and therefore, under the present legislation, no reserve could have been set up.

Mr. PERLEY: I know that perfectly well, but I was suggesting that a system of that kind could be set up for the future and the act amended to provide for it.

Mr. GARDINER: But under the legislation we have had in these last two years it could not have been done.

Mr. PERLEY: I agree.

Mr. GARDINER: Someone has said within the last half hour that the farmers of western Canada are reasonable. I submit, Mr. Speaker, that there is no more reasonable group in Canada associated with any of our industries than the farmers of western Canada.

Mr. CASSELMAN: What about eastern Canada?

Mr. GARDINER: They are just as reasonable in eastern Canada.

Mr. CASSELMAN: More reasonable.

Mr. GARDINER: I would not say more reasonable, but they are just as reasonable. As a matter of fact, the great bulk of the farmers in western Canada are the sons and

daughters of the farmers of eastern Canada. I want to read to the house to-night a letter I have received from a farmer; I do not know him at all, but he is a constituent of one of the members of this house from the western part of Canada, and he says that he sent a copy of this letter or a similar letter to the member. This farmer lives at Gladstone, Manitoba. His letter is dated February 17, 1939, and it expresses so well what I think is the opinion of a great many farmers in western Canada that I think it should go on *Hansard*. It reads:

Hon. J. G. Gardiner,
Minister of Agriculture,
Ottawa.

Dear Sir,

As I have just heard on the radio this morning that your department is considering a wheat acreage bonus, I thought I would write and give my views, which are the views of a diversified farmer who has never received any government assistance.

I am not in favour of a pegged price for wheat as it encourages everyone to grow wheat at the expense of oats and barley; also if wheat was at its own level in price, much more of it would be used for feed, also more of it would be held off the market on the farm, thus keeping down the visible supply.

In my own case if prices are low I always hold grain over in portable granaries and when better prices come clear everything pretty well out, and it has worked with me every time.

As a matter of fact, Mr. Speaker, I would say, without knowing this gentleman at all, that he is probably one of those reasonable men who came from eastern Canada and had considerable experience in farming there before going to the west. His letter continues:

As to an acreage bonus I would suggest it only be on summer fallow. Otherwise there will be a tendency to put land in crop which will never grow a crop owing to weeds, etcetera; also it should not be confined to wheat; otherwise more land will be put in wheat at the expense of oats and barley. Flax being a good price need not have an acreage bonus. I will enclose a copy of this letter to the member for Neepawa.

I remain,
Yours truly,
Alex. Hart.

He apparently was doing some thinking after he had written the letter, because he adds this postcript:

The bonused acreage should be limited.

To my mind that is a man who would be the average farmer in western Canada, a man who is probably thinking of his own business, writing as a result of thinking about it, and not expecting other people in Canada to do unreasonable things in relation to his business.

[Mr. Gardiner.]

It has been suggested that the farmer in western Canada needs ninety-five cents a bushel on the average at his own farm in order to maintain him on his farm. I am not going to say anything to-night which would in any way tend to remove that idea from the mind of anyone in this house. I do not think it is necessary to do so. I have here the average price obtained by farmers of western Canada for their wheat, not at Fort William, but at their farms over the last thirty years.

Away back in 1908 that average price was seventy-nine cents; in 1909, eighty-two cents; in 1910, seventy-eight cents; in 1911, sixty-one cents; in 1912, fifty-nine cents; in 1913, sixty-five cents. Those were the years preceding the war, and the average price of the farm during those six years was seventy-one cents.

Then we have the years during the war, 1914 to 1920, in which the price was affected by the war.

An hon. MEMBER: Is that for No. 1 northern?

Mr. GARDINER: It is for the average of his wheat, no matter what the grade. The average price received at the farm in 1914 was $1.24; in 1915, 90 cents; in 1916, $1.29; in 1917, $1.92; in 1918, $2; in 1919, $2.34; in 1920, $1.58. The average price during those seven years was $1.61. These are the average prices for the three western provinces.

If we take the next three years, in which prices were comparatively low, the average price received by the farmer at the farm in 1921 was seventy-eight cents; in 1922, eighty-three cents; in 1923, sixty-five cents; or an average, for those three years, of seventy-five cents a bushel at the farm, or at the farmer's local point.

Again, 1924-1929 was a period of comparatively high prices: 1924, $1.21; 1925, $1.23; 1926, $1.07; 1927, ninety-eight cents; 1928, seventy-eight cents; 1929, $1.03; the average price for those six years being $1.05.

Then, taking the last seven years, which were very difficult years, the returns were: 1930, forty-seven cents; 1931, thirty-seven cents; 1932, thirty-four cents; 1933, forty-seven cents; 1934, sixty cents; 1935, sixty cents; 1936, eighty-eight cents; or an average during the seven years of fifty-three cents.

Over the whole thirty-one years the average is 94·7 cents a bushel or almost exactly the price which is stated in this resolution as that which the government of Canada ought to pay as an initial price to the farmers of western

Canada. For the twenty-four years apart from the war years the average price was seventy-five cents a bushel.

The farmers of western Canada being reasonable people, and a great many of them having had a long experience in the west—I imagine that the gentleman whose letter I read, if he has reached the age of fifty, has probably been over forty years in the particular area in which he resides—will agree with me when I say this, that through the conduct of their business over that long period of time they have obtained an average of about ninety-five cents a bushel for their wheat. These particular individuals do not expect the government of Canada or anyone else to secure for them an average of ninety-five cents by paying it out of the treasury of Canada. By conducting their own affairs they have secured for their wheat an average, over the thirty year period, of ninety-five cents a bushel. If the arguments advanced by hon. members of the social credit group are sound, and ninety-five cents is an amount which would make it possible for a farmer to operate over a long term of years, those who have conducted their affairs in a way to make that possible have been able to get by, as this gentleman says he has, without any government assistance whatsoever.

I am quite sure there are some hon. members who would say, "Well, then, why assist anyone?" Again, I would say that the reason for giving assistance is the fact that not all the farmers of western Canada have had an opportunity of farming in the west over that period of time; the contrary is true of a substantial percentage. Many of them came there without anything at all. Many of them are sons and daughters of those fine farmers of whom my hon. friend spoke, from the eastern part of Canada, who went to the west at a time when conditions in the east were rather difficult, started on farms in the western part of Canada, have done the best they could, and came into this difficult period we are now passing through, when the going is hard largely because world factors and climatic factors have been unfavourable. They are without sufficient resources to see them through their difficulties and into another period when perhaps they will have similar experiences to those of my old Manitoba friend who has had a much longer time and experience wherein to establish himself. In my opinion the government owes it as a duty to people who have run into these difficulties to set up some system under which they can carry on during the difficult period they are now passing through, and get back into a period where they can put themselves on a sounder basis financially than they would be able to do if we allowed them to be crowded off their land and out of their homes and into our towns and villages to add to the lists of those who are receiving relief at the present time. So I say, Mr. Speaker, that what we think should be done in connection with a matter of this kind is to take all the facts into consideration and deal with the situation as we find it.

I do not wish to deal at any considerable length to-night with this matter because, when I made the announcement ten days ago of the intended policy of the government in relation to this question, I was aware of the fact that just two days previously there had been held in Saskatoon a meeting of a committee which had been appointed as a result of the conference which has been referred to many times during this debate. That conference was called by the premier of Manitoba. He invited to it people from different parts of Canada and the United States and had discussions upon questions having to do with the marketing of farm products. We were not in any way associated with the calling of the conference. We sent to it all of our officials who were invited to give of their experience, in order that farmers in western Canada and others in business throughout Canada might benefit from that experience. But we had no active part in that conference, nor did we have anything official from the conference, so far as I am aware, until the fourteenth day of the present month, when we received an intimation from the conference in Saskatoon that they were asking for a set price upon wheat for the year 1939-40 somewhat on the same basis as the price had been set for last year.

We had been giving study to this question throughout last summer, and I had carried on negotiations with a great many people before the conference was called in Winnipeg, and following the time that the conference was held in that city. As a result of these conferences and negotiations we had evolved a policy in connection with the matter of handling wheat and assisting the farmers of the area where the greater part of our spring wheat is grown; and having come to the conclusion that it was not advisable to continue a set-up such as we had last year, which resulted in the conditions I outlined to this house ten days ago, we thought it wise to make that known to the people of Canada, and more particularly to those who were discussing the matter in the western part of Canada. And when we made it known, or about that time, we received from that delegation which was meeting in Saskatoon

an intimation that they desired to meet the government on February 28 to discuss the representations which they had to make in relation to the wheat policy of this government. So we decided to go no further with the matter until after to-morrow, when we expect to meet the delegation which has come to Ottawa representing the Bracken conference which was held in Winnipeg, and the meeting which was held on February 14 in Saskatoon. We shall hear their representations to-morrow, and after we have heard them we shall be in a position to discuss further with hon. members policies which we hope to present to the house.

In conclusion, I should like to say that as a result of the findings of the conference which were published in the city of Saskatoon and were forwarded on that particular day to the government, and as a result of the announcement which I made ten days ago, I have been in receipt of considerable correspondence from different parts of western Canada dealing with this particular question. Even before that conference was held, I had considerable correspondence from western Canada. And to indicate to hon. members from all parts of Canada that western farmers are reasonable, let me say that since the results of paying the bonus during last year have been known to the farmers of western Canada, I cannot at the moment recall receiving from any individual a letter advocating a continuance of the policy we followed last year. There have been people who have suggested changes. There have been many who have said we should continue the wheat board. But in no instance that I can recall at the moment—if there were any they were very few—has anyone said, "Continue the wheat board; pay the initial prices you paid last year, and do nothing more with regard to wheat than you did last year."

As I say, people have suggested that changes be made. They have not all agreed on what the changes ought to be. We have studied carefully all the suggestions made by those who have written in, many coming from organizations from one end of western Canada to the other. We have studied carefully the opinions that have come from the eastern part of Canada as well as from the extreme west. We have studied editorial comment in newspapers throughout Canada. We have studied the policies followed in Australia, Argentina, the United States and other wheat producing countries throughout the world. We have tried from this study to evolve a system of handling wheat from western Canada, and more particularly of dealing with the farmer who produces the wheat, which would be more suitable to the farmers of Canada than could result from simply transplanting to this country any system which may have been adopted in some other country.

In common with every hon. member, I hope that when the legislation comes down it will create better conditions in Canada—I do not say western Canada, but better conditions in Canada than anything we have had, and that in creating better conditions it will not cause as heavy a charge upon the treasury of Canada as some of the systems under which we have been operating. I suggest, if it meets with the approval of the mover, now that we have had a discussion upon his motion which has lasted all afternoon and part of the evening, that it might serve the purpose if he withdrew his resolution. The discussion could be resumed on the legislation when it is brought down. I suggest also that the discussion could be carried on in connection with the third resolution that is on the order paper, still further on the resolution of the hon. member for Rosetown-Biggar (Mr. Coldwell), and still further in connection with the resolution of the hon. member for Qu'Appelle (Mr. Perley). So there will be four further opportunities of discussing the matter, without taking a vote on this resolution now. Therefore, if the hon. member has no objection, I suggest that a withdrawal of this resolution now would serve his purpose.

Mr. JOHNSTON (Bow River): We will withdraw it, Mr. Speaker.

Resolution withdrawn.

LIVE STOCK

PROPOSED APPOINTMENT OF SPECIAL COMMITTEE TO INQUIRE INTO ALL PHASES OF THE INDUSTRY

Mr. HARRY LEADER (Portage la Prairie) moved:

That, in the opinion of this house, a special committee of its members should be appointed forthwith to inquire into the conditions pertaining to the Canadian live stock industry in all its phases, and with special reference to the production, sale and distribution of all live stock and live stock products, both in Canada and abroad.

He said: In moving this resolution I am conscious of the fact that I am discussing a subject which is of the greatest importance to the Canadian people. It was said this afternoon that the motion preceding this was of the utmost importance. I believe that to be true, and I believe that the question of live stock is of just as great importance. The two subjects are allied in any system of

permanent agriculture. It has often been said that agriculture is the basic industry of Canada. That statement is absolutely true. I think a fair estimate would be that half the people of Canada are employed directly in agriculture, while other thousands are engaged in the transportation, distribution and marketing of agricultural products. And the rest of the population are directly concerned, because it is agriculture that furnishes the food supply for the nation.

The resolution is drafted in broad terms. My idea in so drafting was, that this subject could be discussed from every angle, that we should not be called to order if it was within my power to avoid it. It will be observed that I ask that this special committee be appointed forthwith. That, of course, is now impossible. Some six or seven weeks of the session have passed, and it is not likely that if a committee were now appointed it would be able to proceed as I desired when I sent in my resolution.

The next point in the resolution is that the industry be inquired into in all its phases. The last phrase, which I think takes in almost everything, is "both in Canada and abroad." I hope that other hon. members will join in this debate and present their point of view concerning associated lines of agriculture. For myself I have specialized in the breeding of pure bred stock, so I shall confine my remarks mostly to that phase of the resolution.

I am quite aware of the fact that the Minister of Agriculture (Mr. Gardiner) is working energetically to evolve some marketing plan or plans that will help the agricultural producers of this country. But it seems to me that we can offer some suggestions that may be helpful to the minister and the officials in his department.

Canadian agriculture is disorganized. The industry lacks direction. Instead of cooperation among the farmers they are engaged in cutthroat competition. That, I think, has been true through all the years that we can remember. As a class we are individualists. While we say we believe in cooperation, I am sorry to have to confess that our farmers have not supported cooperative movements as they should. There is no regulation of production; there is first a scarcity and then a surplus. Witness our past operations in regard to wheat marketing.

To-day that great branch of agriculture to which we refer as the dairy industry is in difficulties. They have a surplus which is bearing down the price of their products. I believe the figures in connection with this industry show that they produced $260,000,000 worth of products last year. I am not going into that phase of the matter to-night, but I get letters from many dairy farmers, complaining bitterly that they have to sell butter fat at a lower price than they should have to sell it at, even when the grass is green and it costs them nothing to feed their cows. It seems to me that the Minister of Agriculture might well say, we must get rid of this surplus of, say 5,000,000 pounds—which after all is really only a week's supply for the people of Canada. I would suggest that if it cannot be sold, it might be handed out for relief purposes, because I believe there are thousands of people on relief in this country, as well as thousands who are not getting relief, who could eat this 5,000,000 pounds of butter and this would provide for them a more wholesome diet.

Then we have the fluctuations in price. I am going to direct the attention of the house to the situation which developed last summer when, within the space of three or four days, the price of hogs dropped 3½ cents a pound. This is what agriculturists in every branch of the industry have been up against, and these fluctuations were really what prompted me to ask for this investigation. There is a real demand for an investigation of this kind. There is dissatisfaction everywhere. All hon. members need to do is go to their desks, turn up their files and read the letters the agriculturists are sending to them every day. During the dying days of last session I made the suggestion that a parliamentary investigation be held into the industry of agriculture. About a week or ten days later I received the following letter:

> We noted with satisfaction your comments in the House of Commons in regard to a thorough investigation of the live stock situation in Canada. Our board of directors—

That is, the United Farmers.

> —discussed this at our meeting yesterday and we are particularly anxious that any investigations undertaken should be conducted by a special committee of the house or other body competent to handle such an investigation. I may say that those of you in the house who are working for such an investigation can be sure of backing from farm organizations engaged in the live stock business and from a great many others as well which are linked together in the Canadian chamber of agriculture.

That is signed by H. H. Haanam, who, I believe, was secretary at that time. Then we find that last year the Manitoba legislature, being concerned as to the state of agriculture, appointed a special committee to investigate the industry. My information is that they did not get very far, because they found this was a matter which really belonged to the parliament of Canada. I believe the minister

of agriculture for Manitoba asked that the ministers of agriculture of the three prairie provinces get together in connection with this matter, and I understand this meeting was held in Regina and attended by our federal minister. I am not at liberty to convey the results of that meeting, nor have I the exact information, but this just goes to show that there is deep concern and more or less confusion in regard to the marketing of agricultural products in Canada.

As I pointed out in my opening remarks I intend to deal almost exclusively with the question of live stock. More live stock in Canada would create more labour; there is no doubt about that. In my own experience we employ more men in the winter than in the summer, for the reason that to a large extent we centre our operations on live stock. I can also state from experience that live stock will compel farmers to sow clover and crops of that kind, and I know this is perhaps the greatest guarantee against soil drifting, which is quite prevalent in the west. I remember that my land drifted before I got into the live stock business, sowing clover and other grass crops, and putting manure on the land. I solved the problem of soil drifting to my entire satisfaction, and I say this method will solve the difficulty. We know also that it will preserve the fertility of the land.

I am amazed when I read of the production per acre in the old land and other European countries, where they have been cultivating the same land for a thousand years or more. They grow perhaps twice as much per acre as we do in western Canada, because they have a permanent system of agriculture, which means they have developed their live stock industry. If we went into live stock to a greater extent, it would, in a measure, solve the problem of our wheat surplus, because more acres would be put into grass and other forage crops, thus taking that acreage out of the production of wheat.

Live stock production is a matter of paramount importance. Someone may ask if Canada is a cattle country. Well, we can produce in Canada cattle as good as can be produced anywhere in the world, and we have demonstrated that over and over again. I remember last year talking to a member of parliament who said our trouble was that we did not have the proper beef here in Canada, and I think he doubted if we could produce it. I just want to remind him of the reception given our cattle when they were placed on the British market in the fresh beef state this year, they outsold even the home product. Yes, we can produce the right kind of cattle in Canada. We have some handicaps, but we also have some great advantages. I think one of our greatest assets is our climate, which helps produce feeder stock which, when removed to other feeding grounds such as the United States or the old country, make rapid gains. Many times I have read the statement by old country feeders that Canadian cattle were the healthiest and best doers in the world.

Someone may ask if we have markets available. I would say that we have three important markets to which Canadian live stock raisers have access and in which they enjoy advantages shared by live stock raisers in only one or two other countries. First I will deal with the domestic market, which after all, I believe to be of first importance. In reading the Ottawa papers I notice that on the market here one can buy hindquarters of beef for eight cents a pound. I wonder what kind of beef that is. We are selling our best beef in Winnipeg for as much as eight cents a pound live weight; yet those carcasses can be purchased on the market here for eight cents a pound, dressed. I wonder if one could really call it beef. Perhaps a better name for it would be cat meat, which is the term used in referring to dairy cattle. I am not blaming the farmers; I am not blaming the people who buy this meat. I am just pointing out that consumers will not make an exclusive diet of that sort of food, but will buy just as little as they can get away with. I would take those dairy cows and inferior beef animals and make canner meat of them. I have not the figures before me, but I believe we import thousands of pounds of canned meat annually from South America. Perhaps the Minister of Agriculture could find some way of canning those old dairy cows and selling them in place of the meat we import from the Argentine.

I should like to say something about the British market. There we have a preferred position in regard to both live cattle and beef. We are also in a preferred position in regard to live cattle going into the United States. But I am sorry we are not in a more preferred position in regard to sending dressed beef to the United States, that six cents a pound duty is almost prohibitive. I shall refer to markets later on in my speech.

May I now deal with the proper type that Canadian farmers should be producing. We have three main beef breeds in Canada, and I am going to take the old reliable shorthorns first. I believe they may be classed as the universal breed, because they have gone into nearly every corner of the civilized world. The Scottish shorthorns, which are the pure beef type, are a model of beef. No one who

loves beef cattle can find any fault with a model of Scottish shorthorn. Developed in Great Britain and imported to America they made rapid strides. But I believe the Argentine furnishes us with the greatest example in regard to what a good breed of cattle can do. I am sorry I never have had the opportunity, as I know some hon. members have, to view the carcasses as they are hung up in the Smithfield market, and those people declare that the carcasses do not vary an inch in length. They are as uniform as beef carcasses can possibly be.

But there is another breed of shorthorn cattle. This breed also was developed in England, and I believe they are good cattle. But they are not a good beef type. I am sorry to know that many farmers in Canada are trying to get the proper type of beef animal from a dual purpose shorthorn cow. If it is crossed with a good beef bull, there is no doubt it is possible to get a fair animal, but one cannot get the right type of beef which can be expected to compete with the type produced in some other countries.

I wonder how many members in the house to-night have visited the royal winter fair. I assume many have. But I would ask those who have not to take time off next year, so as to visit that exhibition. I would ask them to watch the judging of the shorthorn cattle, and the dual purpose shorthorns, and study the difference between the two breeds. In that way they will get the idea I am trying to convey. It is impossible to get the proper type of beef animal from dairy shorthorns.

The second breed I would mention are the Herefords, or the white-faces. A man who understands the beef business knows that the Hereford is supreme on the ranges of this country. They have made a valuable contribution on this North American continent. I believe it is a well known fact that our best beef comes from the western ranges. I read that the baby beeves which were killed and fetched the top prices in Great Britain—more, indeed, than the Scottish beasts—were baby beeves of the Hereford breed.

I must now turn to my own special breed of cattle, the Aberdeen-Angus. I will not say they are any better than any other breed, but I prefer them, and that is why I am breeding them. Modesty will not permit me to extol the virtues of this particular breed, and for that reason I shall offer to the house some comments from authorities on live stock. I shall quote a sentence from Alvin Sanders, who used to be editor of the *Breeders' Gazette,* a publication printed in Chicago, and at one time the greatest live stock journal on the North American continent. I noticed this observation in the Iowa *Journal* two or three years ago, and I have been saving it, never expecting to use it other than for my own information. The quotation is as follows:

> Generally speaking I would say that of all the beef breeds the Aberdeen-Angus is the most highly specialized. It seems most perfectly adapted to the production of superlative block results under high pressure fattening rations.

May I now quote another first class authority, the Hon. Duncan Marshall. This observation, too, was reported in the Iowa *Journal* and reproduced in the pages of the *Farmers' Advocate,* an Ontario publication. The Hon. Duncan Marshall, it may be noted, is a past president of the shorthorn association, and when visiting the Smithfield show he said:

> When I got to the good steers it was a rare treat. The cross cattle were very fine, and this means the Aberdeen-Angus cross. This was particularly true of the good steers, as with the exception of a few blue ones practically all the high class steers in the show yard had black skins. The results of fat stock shows in various parts of the world must have made it apparent to everyone that cross-bred commercial cattle are continually coming to the front. This is particularly true where the cross has been the blending of Aberdeen-Angus and shorthorn character.

May I quote this further article from our own *Commercial Intelligence Journal* of February 20, 1937. This will be of interest to hon. members, and of interest to people throughout the country—if they should have an opportunity to read my remarks. The *Commercial Intelligence Journal* makes this statement.

> Buyers have expressed pleasure at the steady improvement in the type and class of cattle shipped from Canada, and particularly in 1936 there has been a much more satisfactory proportion of young cattle, including a large number of well-bred cross-Angus types, which are particularly favoured in Scotland.
>
> In connection with prices, it must be pointed out that the choicest beef cattle received from Canada—young cross-Angus types weighing from 1,000 to 1,150 pounds—have fetched as much as 45s. per live cwt., and that the average for a complete shipment is very much reduced by prices realized for rough, inferior cattle.

I could continue, but that will be sufficient for my purpose. Hon. members may be wondering what connection all this may have with the production of a proper beef type of Canadian cattle, the type which we may hope to export to Great Britain. It is a fact that most of the female stock in Canada, most of the cows, are of shorthorn foundation. That is true in regard to Ireland also. Ireland is using the very finest types of purely beef bred shorthorns, Herefords and Aberdeen-Angus on the shorthorn cows to produce the desired product for Great Britain. That is the point I wish to make.

So far, however, as Canadian cattle are concerned, speaking generally their quality is not high. I would not wish to leave the impression that we have not very many fine herds of all breeds of cattle. But the average cow from which most of these store cattle are being produced is not high. There is no gainsaying that statement, and as proof of it may I point out that I have examined the figures for the last number of years covering shipments made to our stock-yards, and I have found that only one-third of the cattle going into Canadian stock-yards are of the two top grades, namely choice and good, and two-thirds are in the lower brackets, namely medium and common. This statement should convince anyone that the quality of our cattle needs grading up. We must find some way of improving our beef cattle, and there is no easier, quicker or more efficient way of doing so than through the use of better sires.

I am going to say something about the bull policies now in force in Canada. I contend that our policies have been rather slipshod and haphazard. There has been no settled policy, either federal or provincial. Sometimes one province was in and sometimes the other was out. At other times there has been overlapping. Canada has no really stable live stock policy. I was going to give the details of the federal bull policy in Canada, but I see my time is slipping by. Suffice it to say that our policies are certainly not to be commended. I believe the desire is to do the best that can be done, but we must evolve some other method of improving our stock.

I should like to give figures relative to bulls on loan by the federal government, according to the information secured last year from the department. These figures are not divided into dual purpose and beef type animals, so I do not know the percentages. There were 1,342 shorthorn bulls on loan, or seventy-three per cent of the total. There were 357 Herefords, or nineteen per cent. There were 148 Aberdeen-Angus, or eight per cent. I also obtained the figures with regard to the prairie farm rehabilitation association. They have purchased fifteen shorthorns, three Herefords and two Aberdeen-Angus.

In comparison with what Canada has done in this regard, I should like to refer to the efforts made by Ireland. We must remember that Ireland is our chief competitor. Last year I took it upon myself to send to the old country to get all the information possible in regard to the policies adopted in Great Britain and Ireland. There is certainly a wealth of material available. I shall not give it in detail, but I have a few notes in regard to the cattle industry in Ireland.

The cattle industry of Ireland is of a two-fold character. The cattle are bred for both dairy and beef purposes. The annual value of the dairy industry is approximately $40,000,000, while the value of the beef trade is approximately $100,000,000. Ireland exports approximately 750,000 live cattle to Great Britain annually. The breeding cows are ninety per cent dual purpose shorthorns, and the endeavour is to mate these to high-class beef type bulls, mostly of the shorthorn, Hereford and Aberdeen-Angus breeds. As the Irish farmer cannot afford to neglect the dairy end of his business and must replenish his dairy herd from time to time, a good percentage of dairy shorthorn bulls are used. At the same time they realize that if their store and beef cattle are to find favour in the British market, they must show a measure of superior beef type. The Irish have always taken a keen interest in their cattle industry, as they realize the importance that industry plays in their national economy.

Down through the years state assistance has been given, mostly in the form of subsidizing the sire. While the various schemes resulted in general improvement, the efforts were voluntary and there were always some who were careless in their breeding operations. This inferior stock found its way to market and hurt the reputation of the Irish cattle. In 1924 a more determined effort was made to improve the qualities of their store cattle. The minister of agriculture introduced a bill which called for the licensing of all bulls in the country, and the act came into force the following year. It is to be noted that this policy of improvement coincided with the lifting of the embargo against Canadian cattle entering Great Britain. They felt sure that we would take advantage of our opportunities, and they were determined to improve the quality of their own stock.

I have dealt with the class of bulls on loan by the dominion government, and I should now like to give the comparative figures for Ireland. I am going to do this by quoting the figures obtained from bull sales which have been held in Ireland. I hold in my hand tables giving the results over a ten year period of the bull sales in Dublin and Belfast, the largest markets in the north and south of Ireland. It would save considerable time if I could have these tables placed on *Hansard*. First, I would summarize the figures by stating that in the Dublin sales there was a total of 1,540 beef shorthorns sold, the average price received being $178. There were 2,659 Aberdeen-Angus sold, the average price being

$205. There were 1,929 Herefords sold, the average price being $212.50. In the Belfast sales, there were 2,012 beef shorthorns sold at an average price of $154.50. There were 985 Aberdeen-Angus sold, at an average price of $163. There were no Hereford sold.

Mr. DEPUTY SPEAKER: The statements may be placed on *Hansard* only with the unanimous consent of the house.

Some hon. MEMBERS: Yes.

Mr. LEADER: The statements are:

Dublin

Ten year period

	Beef Shorthorns sold		Aberdeen-Angus sold		Herefords sold	
	Bulls	Average	Bulls	Average	Bulls	Average
1929	178	£40	285	£52	125	£70
1930	186	49	268	51	161	70
1931	209	34	290	39	189	60
1932	183	32	247	41	194	47
1933	125	32	211	34	208	29
1934	113	33	255	34	207	27
1935	138	28	255	32	209	17
1936	136	34	252	42	164	34
1937	113	37	272	46	231	31
1938	159	37	324	39	240	40

Belfast

Ten year period

	Beef Shorthorns sold		Aberdeen-Angus sold	
	Bulls	Average	Bulls	Average
1929	266	£33-14- 3d.	61	£35-14- 2d.
1930	240	35- 5- 0d.	63	38-11- 5d.
1931	187	29-10- 8d.	70	37- 7- 0d.
1932	183	33- 3- 2d.	88	29- 9- 5d.
1933	213	26-12- 8d.	102	32-19- 0d.
1934	204	21- 6- 0d.	115	31- 1- 1d.
1935	169	30- 8-11d.	137	25- 7- 7d.
1936	168	32-11- 6d.	117	33- 7- 0d.
1937	182	34-11- 8d.	117	33- 4-11d.
1938	202	36- 6- 1d.	115	33-19- 0d.

These tables show the class of bulls they are using to produce the store cattle which compete with Canadian cattle in the British market. A comparison between Ireland and Canada of the types of bulls used shows that in beef shorthorns, the Irish percentage is thirty-five per cent compared with seventy-three per cent in Canada. In the case of Herefords, it is nineteen per cent and nineteen per cent respectively, while with Aberdeen-Angus it is forty-six per cent and eight per cent respectively. Ireland has several bull schemes in operation. I intended to give the details of these, but I shall not take the time to do this as the house has been good enough to extend my time.

In the main, the government offers premiums to the purchaser of a bull. These premiums range from £15 to £22 and are paid annually for the period the bull is in service, provided the terms of the agreement are fulfilled. The government also grants loans to farmers who wish to buy premium bulls, the farmer paying one-third of the purchase price. The loan is payable in two annual instalments, with interest at five per cent. The farmer can usually liquidate his loan out of the proceeds of his premiums. The government also purchases, mostly in Scotland, a number of high-class sires which are loaned to breeders with outstanding herds, with the stipulation that the male calves will provide premium bulls for the annual bull sales.

Even in the poorer districts with the poorer farmers the government has a policy of presenting bulls free of charge. Premium bulls are selected from the breeders at certain times and places, when and where it is most convenient. The selections are made by good judges of live stock, who are usually farmer breeders. The premium bulls must be presented by their owners at approved shows which are held twice annually in the spring and autumn. Anyone who wants a premium bull must make application three weeks before the show and sale. Each applicant must select his own bull. He must agree to the terms prescribed, which compel him to allow public service, he being allowed to charge a service fee of 2s. 6d. Bulls must be at least ten months old before premiums are granted.

These schemes are well advertised. I think we can make some criticism of our department because they have not advertised their several bull schemes. Most of our farmers

are practically ignorant of the fact that we have a bull scheme in operation. Such schemes are well advertised in Ireland. I have a statement here which I shall not take time to read, but there is no doubt that the quality of the Irish cattle which have been shipped during the last ten years has improved wonderfully. So much for cattle improvement.

I should now like to go back to the markets I mentioned a moment ago. I made the statement that Ireland exported annually to Great Britain approximately 750,000 head of store cattle, and I believe that last year it was in the neighbourhood of 850,000 head. Canada exported on the average in the last five years a little over 27,000 head. This means, Mr. Speaker, that for every one store beast that we sold to the old country, Ireland sold twenty-eight.

I want to say a word about the irregularity of our cattle shipments to the old country, which I believe is one of the main reasons why we have not been able to gain more headway in that market. We have not been able to assure the buyers in Great Britain of a continuity of supply. I made the statement in the house on a former occasion that we should be prepared, if necessary, to bonus our cattle going to Great Britain to provide a certain minimum consignment every month, thus assuring that market of a continuity of supply. I have before me figures of our cattle shipments covering a ten year period, and they go from none in 1929 to 27,307 head in 1938; in one year it was 53,852 head and the next year 6,704 head, which indicates how irregular our shipments to the old country have been. The same applies to our shipment of cattle to the United States. In 1929 we shipped 160,103 head; in 1930, 19,483 head; in 1931, 9,000 head; in 1935, 102,000; in 1937, 208,000; in 1938, 98,408.

We have heard something about filling our quota of cattle going into the United States, and I have figures here for the last three years since we negotiated our first treaty with the United States. In 1936 Canada sent 134,610 head of cattle to the United States, or 86·4 per cent of the quota, while Mexico shipped 21,189, or 13·6 per cent of the quota; in 1937 Canada shipped 131,193 head, or 84·2 per cent of the quota, and Mexico 24,606 head, or 15·8 per cent of the quota; in 1938 we shipped 75,529 head, or 60·3 per cent of the quota, and Mexico shipped 49,741, or 39·7 per cent of the quota. Neither country was able to fill the entire quota last year; but if we had been in a position to take advantage of the United States market, if we had had a sufficient number of cattle, we would perhaps have had about the same percentage of quota as we had in the two previous years, which averaged eighty-five per cent. I do not intend to follow that any further this evening because it would take too much time.

I want to say something about the possibilities of placing fresh killed beef in the old country. I have a table here showing a total of 11,184,928 long hundredweights of beef imported into Great Britain in 1938. That represents 2,236,985 head of cattle, and of this vast trade Canada's share was 5,200 hundredweight, or 1,300 head—1,300 head in a total of 2,236,985 head! As to the possibilities of placing our fresh killed beef on the British market, first I want to give full credit to the Minister of Agriculture and his department for the experiment they have carried on in the past year, although in my opinion it was not necessary because the feasibility of placing our fresh killed beef on the British market had been demonstrated on three previous occasions. Nevertheless I am here to pay this tribute, that the department has proved beyond any doubt the feasibility of this undertaking, which, after all, is perhaps a very good thing.

We have had various reports in regard to our fresh killed beef placed on the British market and how it was received. One man said it was sensational.

Mr. DEPUTY SPEAKER: I am sorry to have to interrupt the hon. member, but I must remind him that he has spoken for forty minutes.

Some hon. MEMBERS: Go ahead.

Mr. DEPUTY SPEAKER: With the unanimous consent of the house.

Some hon. MEMBERS: Agreed.

Mr. LEADER: Mr. Shaw, director of marketing service of the Department of Agriculture, Ottawa, speaking at the conference in Winnipeg, said:

> Among the difficulties being encountered are an extremely limited supply of beef of the proper kind.

Does it not mean something to the farmers of this country that we cannot find twenty-five good cattle a week to ship to the old land? It should mean something and it does. I want to suggest to the minister to-night that he place a buyer at the boys' and girls' shows held annually in all parts of Canada and pay a fair price for these cattle in competition with the different abattoirs. I know that the buyers from the abattoirs are good patrons of these sales and that they pay a fair price, but I am going to ask the department to place a buyer there in competition,

which may help sell these cattle and will encourage our young boys and girls to raise more beef. There is no doubt they will find the proper type of beef cattle at these shows.

Mr. Shaw goes on to enumerate other difficulties encountered:

> Insufficient depth to railway refrigerator cars to allow for hanging full sides, this necessitating the removal of the chuck on the majority of the carcases; lack of necessary facilities at the docks for the safe and economical handling of fresh commodities; insufficient depth in ship's refrigerator chamber to allow hanging of full sides.

All these are serious handicaps. Last year I stated that I believed these cattle should be killed at the seaboard and then loaded directly into our ships and transported, and that there should be no rail haul for dressed beef. If we develop a system in this country whereby we are going to kill these cattle at Toronto, Winnipeg, Calgary, Edmonton and elsewhere, it is going to mean railway transportation and the providing of refrigeration facilities, and the producers of this country will have to pay for that equipment. There is no doubt that it will come out of the price to the producers.

Mr. Shaw mentions that dock and shipping facilities are lacking. But we must have these facilities in any event. If we are going to spend money in providing proper equipment, all well and good, but I would hesitate to develop this industry on the basis of having the cattle killed in the interior and shipped to the seaboard.

I want to quote what the minister said last year when this matter was under discussion. He told us that the beef slaughtered at Birkenhead sold for prices which compared favourably with the prices paid for the best Scottish beef; also that the beef which was killed in Montreal sold at a little lower price; and that which was killed in Saskatoon brought a lower price still. The minister also told us that our Canadian railways did not have proper cars to transport the beef. Again he said that we are carrying on the experiment under the most difficult conditions one can possibly prescribe, and if we can succeed under those conditions we could succeed much better if we had better facilities. There is no doubt that the experiment has succeeded; but I still maintain that if we are going to develop this great industry, our cattle must be killed at the seaboard, placed directly in refrigerator ships, and put on the market in the best possible condition. I wish just to quote—

Mr. DEPUTY SPEAKER: Order. I would ask the hon. member to be as brief as possible, because he has exceeded his time.

Mr. LEADER: I am sorry.

Some hon. MEMBERS: Go ahead.

Mr. LEADER: I am about to close. I am really cutting it out in chunks. I wanted to quote the president of the Western Live Stock Union of Canada. In addressing a conference at Winnipeg he made this statement:

> Beef has to hang between 9, 10 and 12 days to make it perfect for consumption purposes. Practically the time it takes from the time it leaves our ports to arrive in the British market is the time to make it prime fresh beef.

Last year I quoted Doctor Hind, who, I believe, is one of the greatest authorities in Canada on this subject. She has made a world tour, and has investigated this matter with great care. She makes the definite statement that these cattle should be killed at the seaboard, as they do in the Argentine, if we are to meet with the measure of success which we deserve. And so I maintain that our natural advantages should not be lost by the adoption of false methods. The benefits of this industry should go primarily to the producer rather than to the transportation companies and the private packing plants.

I would recommend to the minister that he develop cooperative producers' packing plants. These, I believe, should be followed up by cooperative retail butcher shops for the sale of our cattle in Great Britain.

I would recommend that the federal government discontinue their bull loaning policy. Let them get out of the business altogether and enable the provinces to develop a policy of their own. This is too big a country to develop and provide for these matters from Ottawa; it should be a provincial responsibility, and I believe the provinces would undertake it if they were encouraged to do so. I suggest to the provinces that they carry out policies similar to the ones now in vogue in Ireland. This would leave the federal government with plenty to do. In my opinion they should assist the provinces on a fifty-fifty basis, giving them sufficient financial aid and allowing them supervision of the bull schemes. According to the figures for 1937, the federal government bull policy cost $71,920.52, which is a beginning of the financial assistance they might give to the provinces. The federal government would still guard the health of our cattle.

Another thing I think the federal authorities might do is to discourage the increasing practice of shipping direct to packing plants; they should encourage shipments to the stockyards. Our primary duty however, is to search for new outlets for our live stock products and develop an efficient marketing service.

Mr. DEPUTY SPEAKER: Order. I am sorry, but the hon. member has now exceeded his time by ten or twelve minutes.

Some hon. MEMBERS: Go ahead.

Mr. LEADER: All I am going to say, Mr. Speaker, is that anything that the government, the Minister of Agriculture or his department can do will have my hearty cooperation.

Mr. WILLIAM HAYHURST (Vegreville): We have listened with a great deal of interest to what has been said by the hon. member for Portage la Prairie (Mr. Leader).

This resolution is very broad in its scope. It suggests that a special committee of hon. members be appointed "to inquire into the conditions pertaining to the Canadian live stock industry in all its phases, and with special reference to the production, sale and distribution of all live stock and live stock products, both in Canada and abroad." The hon. member has covered the subject very well. As he is a breeder of Aberdeen-Angus cattle and I am a breeder of shorthorns, we have something in common. We feel that the farming community of Canada is a basic community. As the hon. member said, agriculture is a basic industry; with that we all agree.

This afternoon we listened to many speeches, all of them dealing with agriculture. Some speeches advocated the fixing of a just price for products such as wheat, oats, barley and rye. For myself, I would just as soon see a just price for live stock, irrespective of whether they are from dairy herds or live stock as sold to the packing plants.

It was my privilege this last summer to go to England and France and see something of the live stock industry in those two great countries, as well as to get some information about the marketing methods practised there. I myself was born on a farm in England, and I know something of the shorthorn cattle industry from the ground upward, particularly its great development in the north of England and the south of Scotland. As the hon. member for Portage la Prairie has said, the cross between shorthorns and Aberdeen-Angus gives the best beef on the Smithfield market.

It is along the line of quality that I would address my remarks this evening, although I intend to speak briefly. I do not know that much was said this afternoon about quality—not as much as should have been said. Hon. members were saying that the price of wheat should be ninety-five cents for No. 1 northern; but most western farmers do not raise No. 1 northern, and the fact is that the great spread in prices, rather than the actual figure for No. 1 northern wheat, is what cripples the farmers in western Canada. The same principle is true of our cattle industry. Many of our finest cattle are sold to the packing plants without much real grading, that is, such as would give the farmer the benefit of the grade. As has been suggested with regard to wheat, so with cattle, we do not always get the benefit of the grade.

As regards the sale of quality cattle, it is vitally important that the government see to it that farmers who raise good cattle get a proper price. The same applies also to the hog industry. Farmers who raise good hogs should reap the benefit of their skill. We know we have a quota from Great Britain for hogs, and that quota is not filled. Year in and year out many thousands more hogs could be shipped to the British market. When I was in England I noticed that on many of the street-cars and buses was the sign, "Eat Danish bacon—it's best." On other buses one would see, "Bacon is best when it's Danish." Wherever you went you would see those signs. We did not see many Canadian signs, although I noticed on the back of the *Commercial Intelligence Journal* some window-dressing,—"Buy Canadian eggs." Such things are good in their way. But I found that in England they know very little about some of the very best products which Canada raises.

I remember that last year the Minister of Agriculture (Mr. Gardiner) suggested that cheese had not been properly advertised in Great Britain before he investigated the matter, and that upon investigation and a proper advertising campaign being put on, a great improvement in the cheese business developed. There is no doubt that it pays to advertise. I suppose that many hon. members receive these communications from different advertising companies stating that if we advertised more, even in Canada, we could sell tremendous quantities of cheese, butter and other products. There is no doubt that if much of the foolishness over the radio were changed into advertising, to tell the people that we have millions of pounds of good butter ready for distribution and sale to Canadian citizens, much more butter would be used. So we are missing even our own market. The dairy producers find a glut of butter on the market and are anxious that it be removed so that they can get a reasonable or just price for their butter.

As other hon. members have said, agriculture is the basic industry of Canada. But

the foundation of agriculture is the soil. The Minister of Agriculture has a great rehabilitation program for western Canada, and I do not doubt that it is needed in eastern Canada also. We should not be provincial in these matters; we are just as vitally interested in the work of French-Canadian farmers in Quebec or the farmers in the maritime provinces or in Ontario as we are in the western farmers; all farmers should benefit. If the soil is depleted, productive capacity will be curtailed. So the problem of rehabilitation is fundamental.

I have a clipping from the London *Daily Telegraph and Morning Post's* financial and industrial review of February 13, 1939, in which Viscount Lymington is quoted as saying that one of the greatest wastes in Australia and in Canada is the development of desert areas caused by the destruction of the sod on large sections of land. If the cattle industry were restored to its proper prominence in Canada and proper rotations introduced on cultivated land, this waste would be stopped. Our capital depends upon soil fertility more than on any other factor. If the fertility of the soil is destroyed, our cheap food of to-day will be dear to-morrow. At present we hear about a surplus of foodstuffs, but many economists believe that we are heading for a time when there will not be any too much for the world's needs. To-day farmers are in trouble for lack of markets, and in the virgin areas little attention has been paid to conserving the fertility of the land. We have had a great number of "soil miners."

Mr. MICHAUD: Gold diggers.

Mr. HAYHURST: They are gold diggers on the surface. They are using up the best of the soil and our capital is being lost. Whatever the base of our money, it is ultimately based on the productive capacity, the real value of our great dominion. Yet we are actually making deserts, and that is the greatest waste in Canada to-day. So, when talking about live stock production or any agricultural production, we must remember that it depends upon soil fertility, and not waste that fertility, which is our country's capital. Another great waste is the wasted organic matter. One need not go far in western Canada in the fall, after the threshing season is over, to see a lurid glow on the horizon from the burning straw piles. Much of that vegetable matter should be returned to the soil. We have many agricultural experts in the Department of Agriculture who could probably give ideas of more value than my rambling remarks. But what we want is results; we want the experts to see that this waste is stopped.

The hon. member for Portage la Prairie spoke of marketing. I was going to read a statement about marketing by Viscount Lymington. He said:

> The profit and costs taken by the distributor mean that so much less food is consumed than should be consumed, that prices are forced down still more owing to what is wrongly called "the world surplus of production."

The idea briefly is that the extent of the spread in prices between what the farmer gets and what the consumer has to pay actually lessens consumption. We know that if one orders a beefsteak in the dining car on the train, one has to pay as much for it as the farmer gets for two bushels of wheat. Consequently this great spread in prices is probably the greatest waste we have in the distribution process in Canada to-day. The removal of that waste should improve our agricultural well-being, raise the standard of living in Canada and benefit our farming industry.

Whatever type of animal we are raising, the first thing to be stressed is quality. Then we must have a comprehensive marketing plan both in Canada and abroad. Both eastern and western Canada will benefit by such a marketing scheme. I do not know whether the hon. member for Portage la Prairie meant that we should give the provinces more control of our cattle and hog raising industries, but we should see that the very best products possible are produced. Then, with our advertising campaign, we should be able to compete with the products of Ireland or Denmark on the British market, and instead of the British people thinking that the best bacon is Danish they will know that the best bacon is Canadian.

Mr. M. J. COLDWELL (Rosetown-Biggar): This resolution of the hon. member for Portage la Prairie (Mr. Leader) has the support of this group. We believe that a committee such as suggested by this resolution would serve a useful purpose. The resolution is broad and general; it relates to "the Canadian live stock industry in all its phases, and with special reference to the production"—that I think was well covered by the mover—and the "sale and distribution of all live stock and live stock products."

Throughout the country there is a great deal of dissatisfaction regarding the sale and distribution of live stock and live stock products. The spread between what the producer receives and what the consumer pays cannot be understood by either the producer or the consumer. To-day we have two packing firms

which together control some eighty-five per cent of the entire packing business of Canada. I know they deny that and say it is an overstatement; that if we took into account all the animals slaughtered in local abattoirs and slaughterhouses, that percentage would be greatly reduced; in fact they say it would be cut about in half. But I just draw this to the attention of the house, that after all the price is set, not by the animals slaughtered in local slaughterhouses, but by the animals marketed on the big markets where the packers, because of lack of competition, are practically able to set the price. The price spreads committee made the statement that two companies controlled eighty-five per cent of that business. So it seems to me, Mr. Speaker, that this house would be well advised to set up a committee to deal with the matter suggested by the mover of the resolution and to carry on from where the price spreads committee left off in that regard.

We have heard from the hon. member for Vegreville (Mr. Hayhurst) something about the marketing of our products in Great Britain. When I was at my old home there several years ago, we had visiting us a gentleman who had been in Canada for thirty years, whom I had known here and who had gone back to live in Scotland. When we had Danish bacon for breakfast I suggested that Canadian bacon was good, but this gentleman remarked that Canadian bacon did not compare with the Danish product. The next day I bought some Canadian bacon and took it home to my mother, and I remember that we found it to be quite inferior to the bacon they were accustomed to use. There must be some reason for that. I believe in latter years that condition has been improved owing to the fact that, as I am told, our packing firms are following the example of Denmark and shipping the sides to Great Britain, curing them there to a certain extent.

I think this resolution is worthy of the support of all hon. members, and I hope that when the Minister of Agriculture (Mr. Gardiner) speaks, he will agree to the setting up of such a committee. I have risen on behalf of this particular group simply to say that we shall be glad to give the proposal all our support.

Mr. M. C. SENN (Haldimand): Mr. Speaker, I had not intended to say anything on this resolution, but because of its importance I think I must trespass on the goodwill of the house for a few moments to support the proposal of my hon. friend from Portage la Prairie (Mr. Leader). I am only sorry that it was not brought in during an earlier session of parliament, because it opens up a broad field. My hon. friend took something over his allotted time to discuss the subject, but I believe he only touched the fringe of it. There is so much to be said and so much to be considered in connection with this matter that I do not believe any committee could make a thorough review of all the aspects and phases of the live stock industry, including production and marketing, unless it worked practically every day.

I think we all agree that the live stock industry is not in a flourishing condition at the present time. The hon. member for Vegreville (Mr. Hayhurst) said live stock was the backbone of agriculture. So it is. If we are to maintain the fertility of our farms it is important that we keep a certain number of live stock. This is a most important branch of agriculture; I believe it stands fourth in the matter of returns to the farmers. In the nine years from 1930 to 1938 the value of farm animals produced in Canada was $1,046,000,000. If one adds to that the value of the wool produced, amounting to $18,000,000, and of the poultry and eggs produced, amounting to $482,000,000, one has a grand total of $1,547,000,000, only about $10,000,000 less than the value of our wheat production, about which so much is said in this house. So live stock is a very important industry in Canada, and anything that can be done to strengthen its position and put it on a more profitable basis should and, I believe, will have the support of all members of this house.

My hon. friend who introduced the resolution dealt principally with cattle, but that is only one phase of the live stock industry. We have cattle, horses, sheep, swine and poultry, all of which contribute largely to the revenues of our farmers, and each of which is important in itself. We have some 728,000 farmers in this country, and I believe over half of them derive a considerable proportion of their income from live stock. That means we have over 350,000 units producing live stock in Canada. Because we have all these small units it necessarily follows that they must be serviced. The live stock which they produce must be collected, killed, processed and distributed. During the last quarter century the character of these services has greatly changed. As time goes on, a much larger proportion of our live stock is being slaughtered in abattoirs, which involves increased costs in connection with freight, processing and distribution. For some reason or another these services seem to be continually widening the spread between producer and consumer prices, and I believe, if this committee functions, something should be

done in the way of making a particular study of this question, because it seems to me that the spread has become rather too wide, so that it is interfering not only with the price the consumer has to pay but also with the return to the farmer.

After all, Mr. Speaker, we export a very small proportion of our live stock production. In 1937 we exported some seventeen per cent of our cattle, twenty-five per cent of our hogs, less than one per cent of our sheep, and 1·9 per cent of our poultry and poultry products. In all, we exported some eleven or twelve per cent of our live stock products, but the unfortunate thing is that it is the export price which largely determines what the farmer will receive for his cattle and other live stock. It seems to me that question should be considered carefully, because this does not appear to be a fair or sound basis upon which to set live stock prices in Canada.

The matter has been mentioned already, but I should like to say something in regard to the way in which our bacon is marketed in Great Britain. Unfortunately it does not command a comparable price with bacon from other countries. I have before me the weekly market report of February 23, giving the comparative prices of bacon in Great Britain, and unfortunately Canada is lowest of all. The price for a long hundredweight of Canadian bacon ranges from eighty-five to ninety-two shillings, while Danish bacon ranges from ninety-one to 100 shillings and English bacon from ninety to 100 shillings. The bacon more nearly in line with Canadian bacon is Baltic bacon, the price of which ranges from eighty-four to ninety-two shillings per hundredweight. Something should be done about this situation. It is most unfortunate that we in Canada, producing so many hogs of extra good quality, should be forced to take the prices we are taking to-day in the market of Great Britain, our chief market for our exportable surplus.

Something has been said about the price spreads commission. I can remember that before that commission Mr. Stanley McLean, head of Canada Packers, told us that the price which we receive for Canadian bacon in England is the chief determining factor in the price the farmer receives for his hogs. I believe if we were to send over a better quality of bacon, and bacon of more uniform quality, we would help the farmer materially in the price he receives for his hogs.

A good deal has been said about production. I fully agree with the hon. member who introduced the resolution when he says that our beef cattle are not as good as they should be. Of course we have many good herds, but if an hon. member were to go to the Toronto stock-yards he would find nondescript cattle there for sale. The prices received for these poorer grades of cattle have a tendency to reduce the price of cattle throughout the dominion, because the same thing is true not only at the Toronto stock-yards but at Winnipeg and other points.

Something was said by one hon. member about canning our old dairy cows. That might be one solution of the problem, but I believe we could very well afford to establish a fund to take off the markets altogether those old dairy cows and the cheaper trash appearing on the markets. I believe if we did that we would go a long way toward improving the prices the farmer receives for his cattle.

I said at the beginning I did not intend to speak at length, but may I say this one further word: Too often the farmer's products do not flow on to the market in the right proportions. There are certain periods of the year when hogs, particularly, flow to the markets very rapidly. At other times in the year the packers cannot get enough to supply their requirements. Something should be done to control this situation, and I do not believe it will ever be done unless the Department of Agriculture undertakes it. Farmers cannot very well get together in the matter and regulate the flow of their hogs to the market. I have heard it said that there are times, particularly in the spring and fall, when the hogs are coming out so rapidly the abattoirs are unable to handle them, and they are left in pens for three or four days. As a result they fail in flesh; there is considerable shrinkage; they have to be fed and, naturally, when the abattoir has an over-supply it is not inclined to pay the price it might otherwise pay if some sort of regimentation were carried out, and the farmers could be induced to bring their hogs along more evenly throughout the year.

Something was said about the law of supply and demand governing our prices. It seems to me there must be some correlation of that law of supply and demand, if it is to govern. In my view that, too, is the duty of our Department of Agriculture. I say that because unless something is done by way of setting up a marketing board, or of setting up some method of cooperative marketing, we are not going to solve the farmers' price problem, which after all is the most serious one with which he is faced.

I have said before, and I now repeat, that if the farmer is given a reasonable price for his product we need not worry about his producing the goods. He will produce them

in quantity and quality. As long as he does not get a reasonable price he will be discouraged. The effect at the present time is that he is not producing as he should produce, and is not taking the care he should take.

I believe the resolution is worthy of the support of the house. I repeat that I am sorry it was not brought in at a former session, because if the matter is to be thoroughly investigated by a committee, undoubtedly such investigation could not be completed before the end of the session when it would be too late for the government to take action on any suggestions the committee might make.

Mr. C. R. EVANS (Maple Creek): Mr. Speaker, I should like to say only a few words with respect to the live stock policy in the debate on the resolution presented to the house by the hon. member for Portage la Prairie (Mr. Leader). May I say at the outset that he deserves a great deal of credit for presenting in an able manner the difficulties live stock breeders are having in marketing their product, and the trouble they are having in controlling the breeding of good beef cattle. I agree with him to this extent, that we should breed good beef cattle—not to quantity, but to quality. In Saskatchewan in the past two or three years our herds have been reduced. May I say to the Minister of Agriculture (Mr. Gardiner) that at the present time in Saskatchewan we have a situation which offers to his department and to the department in Regina an opportunity to supervise the replacement of herds, and particularly the breeding stock, in southern Saskatchewan, so that we may breed a quality of cattle which will meet the demands of the beef market.

In the short time I shall take I should like to direct my remarks more particularly to the live stock industry in Saskatchewan. That portion of the province I have the honour to represent is particularly adapted to the raising and producing of good live stock, including cattle, horses, sheep and hogs.

For the past number of years the ranchers in southwestern Saskatchewan have endeavoured to develop their herds to meet the market demands for first quality beef. In that part of the province I believe we have some of the best herds of white-faced cattle to be found anywhere on the north American continent. I have in mind one particular herd owned by a large rancher. This ranch straddles the border of Saskatchewan and Alberta and consists of about 10,000 or 12,000 head of cattle, and I would say for the last fifteen or twenty years they have been using the best males money could buy, in white-faced cattle. To-day the herd is possibly as good as any pure bred herd on the north American continent, although they are not registered.

Two years ago from the town of Maple Creek we marketed something like 16,000 head of cattle. About 2,000 of these were marketed under the emergency policy of the federal Department of Agriculture, but the balance were either beef or store cattle which were shipped to eastern Canada. I was particularly interested in one shipment that went to the maritime provinces. The gentleman who bought these cattle came out west in the latter part of 1937 when the store cattle had been nearly all shipped out, and there was nothing left but spade heifers. Many of the feeders in eastern Canada, particularly in that portion of the maritime provinces from which he came, did not know anything about this class of cattle. I went out with him to a rancher who had, in a feeding lot, about 200 head of this particular kind of cattle, and he chose a carload of twenty-eight head, which was shipped to Truro, Nova Scotia. I asked him to keep in touch with me and let me know the success of the shipment. Later on I received word that these cattle had fed out satisfactorily and had been shipped overseas.

When the herds in Saskatchewan were reduced in 1937, there were 508,000 head of all classes of cattle shipped out, and under the federal marketing policy, about 74,000 head. There were a lot of immature and what is commonly known as scrub cattle taken out of the province. Naturally this left the best type of cattle in the hands of the farmers and ranchers. Under the Prairie Farm Rehabilitation Act the federal government has been setting up community pastures in the drought areas, and in 1937 many of these small ranchers and farmers will keep their best cattle in these pastures. As the hon. member for Portage la Prairie (Mr. Leader) has said, under the Prairie Farm Rehabilitation Act there were purchased twenty pure bred bulls last year to be put in these community pastures for the production of a better class of live stock.

The federal bull loaning policy is in operation in Saskatchewan, and the hon. member for Portage la Prairie has already given the number of pure bred sires that have been put out during the years this policy has been in operation. From 1933 to 1938 there have been put out under the federal bull loaning policy in Saskatchewan, 371 shorthorns, 116

Herefords, forty Aberdeen-Angus, three red poll and one Holstein. It is interesting to note that under the emergency policy of 1937, the greatest number of scrub and inferior cattle came from those areas where dairying was being carried on. The better class of cattle came from the ranching areas in the southwest which breed particularly white-faced cattle. As the hon. member for Portage la Prairie has stated, this is the best class of beef cattle, together with shorthorns and black-poll Angus.

Then we have in operation in Saskatchewan what is known as the pure bred sire areas act, which came into force in 1927. This act becomes operative on the application by a municipality that the area within that municipality become what is known as a pure bred sire area. The act covers bulls, stallions, boars and rams, and stipulates that the animals used in the particular municipality shall be pure breds and come up to a certain standard. In the case of the hog and sheep families, good sires may be used which are not pure breds. There are sixty-nine municipalities in the province operating under this act, and very good results have been obtained in the ten years it has been in operation. However, there have been set-backs because of the drought.

We also have in that province a company which will loan a certain amount of money to a farmer with which to buy a good type of female for the production of beef. This company is known as the Dominion Agricultural Credit Association, and it operates in the three prairie provinces. They have inspectors who go out to choose the females for breeding purposes, and also to inspect the farm and ranch where the females are to be kept to see that there is proper water, shelter and feed. Credit is extended to the farmer or rancher for a period of three years, and payments are made from the production of the animal.

We hear a great deal about the exporting of beef, and I should like to refer briefly to this matter. We had some experience in this regard in the southwestern part of the province in 1933 and 1934, and the results were not very satisfactory. I notice from the statistics of the Department of Agriculture that in 1933 we exported to Great Britain a little over 50,000 head of cattle. The exports in 1934 numbered 53,000 head. My experience is that this is not the best way to export our beef. For example, I know of two cars containing fifty-six head which were shipped in 1934. These cattle were of the same breed as those raised by the hon. member for Portage la Prairie. They were a splendid type of animal weighing about 1,280 pounds. They were billed through from my home town to Montreal, from which point they were to be shipped to Birkenhead, England. When they were inspected at Winnipeg, one steer was taken out because it showed signs of lump-jaw. This animal was sold on October 14 and brought $27.50. The other fifty-five head went through to Birkenhead where they were sold, but the rancher received only $17.50 a head, compared with the $27.50 he received in Winnipeg for the steer showing lump-jaw.

I agree with the hon. member for Haldimand (Mr. Senn) and the hon. member for Portage la Prairie when they say that it would be much better to have our steers slaughtered at the sea port and shipped as fresh killed beef. In that way we could distribute our shipments over the year to much better advantage than we can when shipping the live steers. The low prices that the rancher and beef breeder received for their cattle in 1934 resulted in our shipping to the old country in 1935 only 6,704 head of cattle.

I should now like to say a few words on the horse industry. In the portion of the province from which I come, many horses of various types and classes are raised on the ranches. We have a good type of heavy draft horse, but apparently the western horse does not meet the demands of the eastern market to the extent we should like. I think there might be some way of having supervision of the marketing of our western horses.

We also have in southwestern Saskatchewan an association known as the Hunter and Saddle Association, of which we have a breeding station at Shaunavon and another at Maple Creek. The association is given assistance by the federal Department of Agriculture, which supplies a thoroughbred stallion to each breeding station. This service has been in operation for about ten years with satisfactory results. Last year at the Hunter and Saddle show at Shaunavon and Maple Creek some splendid animals were shown, and some of them changed hands to eastern buyers at satisfactory prices. I would commend to the minister that assistance be continued in this type of breeding in Saskatchewan, and I should also like to see some assistance given in a horse marketing policy in the province of Saskatchewan.

I am quite prepared, Mr. Speaker, to support the resolution of my hon. friend from Portage la Prairie, asking for a committee to investigate the marketing and production of live stock.

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Speaker, I shall take only a couple of minutes to say that I support the resolution, largely because of what I think a study by a committee of this house would lead to. I believe, if a group of members studied the live stock problem in all its phases, both domestic and foreign, it would inevitably come to the conclusion that we had to have commodity marketing and a more comprehensive marketing scheme, and the sooner we come to that conclusion the better, not only for the live stock industry but for all farmers. Further, a study would bring to light such facts as would tend at least to lead to the organization of producers. As a matter of fact, they could not take advantage of a marketing scheme until they were organized as commodity groups, though at the rate the government is moving towards marketing they will have plenty of time to organize. But undoubtedly a study would lead to further light on the subject, and the farmers are themselves coming to the conclusion that commodity organization and a comprehensive marketing scheme are necessary.

Then I think a committee would also lead to the conclusion, as the price spreads inquiry did, that we need cooperative or publicly owned processing plants.

A comprehensive study would also bring us to the conclusion that we cannot allow domestic prices to be set by very small surpluses, and in that regard I think we shall have to take a leaf out of the manufacturer's book. He has always sold his surplus abroad at lower prices than he got in the home market. Even though the transportation charges might be very high, his surplus was sold in foreign countries for very much less than at home. I think we are coming close to the time of a two-price agriculture, and anything that will hasten the day of better prices for domestic consumption will be welcomed by our farmers.

Such a study I think would also convince Ontario people and the east generally that the thing that would be most disastrous to eastern farmers would be for western farmers to go into mixed farming in a big way, that when they go into cattle production in a big way it is a sad day for Ontario, Quebec and the maritimes. It would affect Ontario very much, and such a study by the committee might get the idea over to Ontario farmers, including one very prominent one who happens to be premier at the moment. It is time we understand that any change from wheat to general farming in western Canada is going to involve eastern Canada in an entirely new set of problems added to those they already have. So, while it does look like a pretty large order a special committee could get started at all events, and it may be that if this is not the last session of this parliament, and there are now some signs that this is true, if the committee does not get finished this year, it could continue its labours next year. At any rate the sooner we start, the sooner we get through, and the sooner we may get results.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, a year ago the hon. member for Portage la Prairie (Mr. Leader) suggested that a committee be appointed to study the marketing of live stock and the live stock question generally. At that time I suggested to him that a study was being made of the situation existing in relation to live stock production and live stock marketing, and that we hoped during this session of the house to bring down certain legislation. This year the hon. member placed his resolution on the order paper early in the session, and I intimated to him at that time that we had certain legislation under preparation and almost ready for introduction, but suggested to him that it would still be well to have this matter discussed in order that the views of different members might be placed before the government before the legislation was introduced.

I would have no objection, and the government, I am sure, would have none, to a committee of the house being appointed to study this matter, if it is thought advisable to do so; but I should like to suggest that a few days be allowed to pass until that legislation is introduced, and then if it does not meet the situation as members desire to have it met, we can still go on with an investigation by a committee of this house.

There have been some questions raised tonight as to which I should probably say a word or two before eleven o'clock. One of them has to do with the trial shipments we have made this year to the Smithfield market in Great Britain. As has been stated by the hon. member for Portage la Prairie and others, the type of beef which is being sent over is what is known as baby beef; that is, beef which dresses around 450 pounds. We have been sending over twenty-five head a week.

A year ago it was suggested that this beef be killed at the seaboard, and some of our friends from the eastern provinces, the maritimes particularly, suggested that we might select that beef in the maritime provinces. At that time I think I was able to indicate

that marketings in the maritime provinces were so small that it would be impossible for us to select the type of beef we required in any of the marketings that are made in the maritime provinces. As a matter of fact, during the summer we had considerable difficulty in selecting, even on the Toronto market, the twenty-five head of the type required by the Smithfield market, and there were, I think, three weeks, in succession, in the middle of the summer—I am speaking from memory—during which we were unable to find, on the Toronto market, the twenty-five head of what are known as baby beef. We had therefore to send over twenty-five head of heavies. Those heavies did not bring us so good a price as the Scottish beef, and they did not compete with the Scottish beef.

The lighter type of animal, fed to market at the younger age, is in great demand on the British market now, as it has been for some years. This is because of the fact that in Britain, as in this country, many of the younger members of the family, when they reach the age of eighteen to twenty, leave home and are not to be found in the home circle. A larger and larger percentage of the homes in British cities, as in Canadian cities, are today occupied by two or three people. Two or three people do not want big cuts of beef. In the old days the habit was to cook large roasts and to have them as cold meat at succeeding meals, but that is not the practice today. With electric heating and cooking and all that kind of thing, the smaller roast is required by a considerable percentage of those who are eating meat in the old country. For that reason they prefer the smaller type of animal, well finished. It is that demand which made it possible to sell twenty-five head of what are known as baby beef on the British market week by week throughout the past year, and to get the very best results and the very best satisfaction from the selling.

Mr. MacNICOL: May I ask the minister, is the government making some allowance to the packers for the parts which they do not ship to the old country? They do not ship the whole carcase. What allowance is being made for the parts they do not ship?

Mr. GARDINER: There are what are known as short sides which are shipped to the old country, partly because the demand is much greater for that section of the cut, and partly for the reason given by the hon. member for Portage la Prairie, that the facilities to ship full sides, both in the railway cars on this side and by boat to the old country, are not such as allow for shipping of the full side of beef. The prices that are actually allowed to the packer I am not able to give at the moment.

Mr. MacNICOL: In view of the fact that only part of the beef is shipped over, does the government bonus the packer for the part that is kept at home?

Mr. GARDINER: Not because of that fact. It would be absolutely impossible for a profit to be made on twenty-five head of any kind of beef shipped weekly to the old country. The only thing which has been proven by these shipments is the fact that they can be shipped; that they can be landed in Great Britain in good shape and that they can be sold at the top of the market. If we can increase that shipment and sale to, say a thousand head a week, probably there would be no difficulty whatsoever about making a profit on it, but with only twenty-five head that is not possible.

I should like just to read to the house a statement which came over from the old country from *Modern Meat Marketing*, a journal of the United Kingdom, in regard to these shipments. This is under date January, 1939:

> Easily the best beef of any description yet seen at Smithfield within the memory of the oldest trader at Smithfield was a consignment of 44 short and six long sides of Canadian fresh beef on the stand of Messrs. W. Burchnall, Ltd., during the Christmas market, writes "Buyer." Although I was early on the scene, I was unable to secure a side and was not surprised to learn that the short sides fetched 6s. to 6s. 4d. per stone—8d. per stone more than the best Scotch beef then on offer—and that the long sides made 5s. 8d. per stone. The finish was excellent, with not an ounce of waste, and it was a great pity that our fat stock show judges were not present in force to inspect what was undoubtedly a triumph of good breeding and wise feeding.

Mr. MacNICOL: May I ask one further question?

Mr. GARDINER: I should like to wind up at eleven o'clock.

Mr. MacNICOL: It is in reference to the Scottish beef. Was that the short side or the full side?

Mr. GARDINER: I assume that most of the Scottish beef that would be there would be the full side, but the cuts referred to are comparable. There is another statement from

Lieutenant-Colonel T. Dunlop Young, who makes inspections at the market, which is just as important.

The other remark I wish to make with regard to it is this, that we have under way at present a policy which had its beginnings, as has been stated by some hon. members from the west, in our pastures in the west. We are attempting to raise or breed a type of beef on these western pastures which could be properly finished, if necessary in Ontario stables and even in maritime stables, and shipped to the old country market. The killing facilities at the coast are not just what are required at the present time in order to give the best service, but I am sure that those can be provided if we have the stock in the east sufficiently close to the abattoirs when they are finished to make shipment from there rather than to have it made from Toronto. But these shipments that have been made have been all from Toronto, and they have worked out to good advantage.

Just one word with regard to shipments of bacon. I have here a graph which, if all hon. members of the house could see it, would enable them perhaps to realize fully the chief reason why it is there is such a variation in price in pork and particularly in bacon in this country. If the Danish people did the same thing which this graph indicates; that is, if they allowed the marketings to start at this particular level and run down to this lower level in the middle, and then run up to this level in the fall of the year, they would get exactly the same price results we are getting in Canada. If I had the time I could read to the house the marketings of the different months of the year which are illustrated by the graph.

Mr. MacNICOL: Why not put them on *Hansard*?

Mr. GARDINER: They could be placed on *Hansard*.

Mr. SPEAKER: With the permission of the house.

Some hon. MEMBERS: Agreed.

Mr. GARDINER: There are two columns of figures, the one giving marketings in thousands and the other giving prices, for 1938, and also for 1937. It will be seen that the prices remained almost at a level during 1937, when the marketings were pretty well leveled out, but in 1938, when the marketings were not at all leveled out, the prices varied greatly, from $8.28 in January to $11.83 in July, and back to $8.56 in December.

	Hog gradings 000 head	Price live hogs Winnipeg $ cwt.
1938—		
January	292	8.28
February	284	8.59
March	341	9.67
April	262	9.69
May	298	10.25
June	187	10.69
July	175	11.83
August	221	9.63
September	233	9.21
October	299	7.80
November	364	7.80
December	285	8.56
1937—		
January	321	7.71
February	346	7.74
March	397	8.10
April	337	8.41
May	320	8.05
June	340	8.60
July	241	9.37
August	254	9.97
September	237	9.32
October	315	7.98
November	451	7.78
December	367	8.03

These facts among others must be taken into account when considering why it is that our prices run up and down. I have a great deal of sympathy for the suggestion made by the hon. member for Grey-Bruce (Miss Macphail), but even a marketing set-up based on commodity production would not bring the results that are obtained in Denmark unless we market our products in the same way as they do in Denmark. Their pork and bacon production in that country is absolutely under control of a cooperative. The cooperative owns all the hogs; they allow people to feed them only if they feed them properly; they dictate what they are to be fed, and how much; they determine when they are going to market them, and when they are ready to go to market they kill them in abattoirs which are under their control, load them in boats which are their own, put them in compartments properly fitted up for the shipment of bacon, send them to Great Britain, and keep control of them until they are actually placed on the market. Anyone who knows conditions in Denmark and compares them with conditions in this country knows that it will be a long time before any country as widely spread as the Dominion of Canada, with all the varying conditions we have here, can emulate what is being done in Denmark. Nevertheless we can do a great deal to assist.

Last summer I had the privilege of visiting the home of Andrew Anderson, who is farming at Innisfail, Alberta. If anyone wants to see a real basis for the solution of our hog problem in Canada he should visit that farm. I think Mr. Anderson is a Dane; he is

either a Dane or a Norwegian; he has been farming there for a considerable time. I dropped in at his place last summer. He was then busy equipping a pig house in which he hoped to have pigs born in every month of the year. He had a heating plant in it, and had it fitted up so that he could have his pigs coming in every month. I said to him, "Does it pay to do that kind of thing?" "Well," he said, "it would not pay me to do anything else," and he said, "probably it would not pay me as much as it does pay me if everybody else in Canada did what I was trained to do before I came to this country, namely, have hogs to sell every month of the year. Having hogs to sell each month, I can make good money feeding at the price at which we can obtain feed in this western country." I think that is the basis for a solution. We can investigate the question from now until doomsday; but if we just place the emphasis on the fact that someone in the packing plant is trying to get an advantage over us, and we do not play our own part in trying to see that the hogs are produced in the proper way and at the right time, we shall never accomplish for agriculture in this country what it is possible for us to accomplish.

I suggest that, if the hon. member who introduced the resolution has no objection, it might now be withdrawn. It has, I think, served a very good purpose. Legislation will be brought down; and if that legislation does not meet fully with the approval of hon. members we can give consideration in a very few days' time to the suggestions contained in the resolution.

Mr. SPEAKER: By consent of the house, the hon. member may have leave to withdraw his motion.

Mr. LEADER: In view of the statement made by the minister, I think it advisable to withdraw the resolution.

Motion withdrawn.

At 11.05 the house adjourned, without question put, pursuant to standing order.

Tuesday, February 28, 1939

The house met at three o'clock.

THE LATE J. W. RUTHERFORD

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, hon. members will have learned with deep regret of the death, last night, of the member for Kent, Ontario, Doctor James W. Rutherford.

While death, when it occurs, seems to take us by surprise, in the case of Doctor Rutherford, the surprise is that having met with the very serious accident he did, in September, 1935, he continued to live as long as he did. Only a very brave and resolute spirit could have endured the physical suffering he endured for so long a time and have risen above it to the extent that on occasions he did. Death to the doctor meant release from suffering borne with the utmost patience and fortitude over three and a half years.

The personnel of the House of Commons has so largely changed in recent years that I doubt if there are, in its membership at the present time, one-fifth of those who were members of parliament at the time Doctor Rutherford himself became a member in 1926. The accident with which the Doctor met occurred in the course of the electoral campaign of 1935. It deprived him of further personal participation in the elections, and deprived him also of the opportunity of taking his seat in the present parliament, save on one occasion when, during the last session, he made an appearance in a wheel chair for a day or two in this house.

Many hon. members, therefore, will have had little or no acquaintance with Doctor Rutherford, and will be unable to appreciate, as those of us who knew him in the years he sat in the Commons between 1926 and 1935, how great is the loss suffered by the constituency he represented, by the public life of our country, and by his profession because of the injuries which brought prematurely to its close a career which had already been marked by many achievements, and gave promise of long continued personal and public service.

Doctor Rutherford's life associations were with the western portion of the province of Ontario and more immediately with the county of Kent in which he was born in 1875, and with the city of Chatham at whose public schools and collegiate institute, he received his early education, and where the greater part of his life was spent. He was a graduate of the university of Toronto. He pursued post-graduate studies in medicine at University College, London, England. Doctor Rutherford soon came to be recognized as a leading physician and surgeon in western Ontario, and at the time of his membership in this house was looked upon as one of the leading surgeons in our country. In the choice of his profession, Doctor Rutherford followed and was, no doubt, inspired by the example of his father who, for half a century, had practised medicine in Chatham.

Doctor Rutherford's popularity in the county of Kent was evidenced by his selection as one of the candidates in the general election of 1925, by his election to parliament in 1926, and his re-election at the general elections of 1930 and 1935.

Recalling the part which he took in the proceedings of this house in the two preceding parliaments, and the position he had come to occupy in his profession, I can only express the regret which I know will be shared by all, that one whose life was so wholly devoted to the well-being of others, so eminently useful and skilful, should have been brought to its close in circumstances so tragic.

Doctor Rutherford's loss will be particularly felt by the Liberal party of which, in the province of Ontario, he was recognized as a foremost member. In his passing the government suffers the loss of one of its ablest supporters, and many of us, the loss of one who was the most loyal and devoted of friends.

The sympathy of hon. members will go out, in full measure, to Mrs. Rutherford and to her son and daughter who, during the past three and a half years, have suffered so much in the way of anxiety and have now lost to sight the one who throughout their lives had been the centre of their affections.

We may look, I know, to His Honour the Speaker to convey to Mrs. Rutherford and the others who have been so greatly bereaved, the expression of our deepest sympathy.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, may I join with the Prime Minister (Mr. Mackenzie King) in expressing to the family of the late Doctor Rutherford, the sympathy of our party. Whenever on these painful occasions one rises to pay tribute to some member who has gone, unconsciously a thought as to the high mortality rate of the House of Commons comes to one's mind. Only a few weeks ago we were speaking about the deaths of David Beaubier and Samuel Jacobs, one from each side of the house, and Doctor Rutherford is the third member whose loss we mourn in this early part of the session.

Naturally, I did not have the opportunity of knowing Doctor Rutherford as intimately as my right hon. friend and the party opposite, but the little I did know of him was to his credit. Like the late David Beaubier, of whom I spoke a few weeks ago, he did not take part in debate in the house as frequently as some of the rest of us. But I have often wondered if perhaps those of us who speak so frequently render as much service as those who speak less. Doctor Rutherford certainly bore a good reputation as a member of the various committees upon which he served, and as one who looked after the interests of his constituents and carried out whatever other duties devolved upon him as a member of the House of Commons.

If I may be permitted to say so, many times in the house I have been struck with the fact that men who originally have been trained as medical practitioners have given valuable service in the House of Commons. I have come to the conclusion that a medical training affords a splendid mental development for the work of the house. Doctor Rutherford was certainly no exception in that respect; he always gave the service expected of him.

I should like to join sincerely indeed with my right hon. friend and the party to which he belongs in expressing sympathy to that party upon its loss of another outstanding member, and I would join with him and other hon. members of the house in passing on, through you, Mr. Speaker, to the family of Doctor Rutherford, our deep sympathy.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, hon. members in the group to which I belong would like to join with the others in expressing through you our sympathy to Mrs. Rutherford and the family in the loss which they have sustained.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, inasmuch as hon. members in this group had no opportunity of knowing Doctor Rutherford, except by report and from the one day during which he so bravely sat in the house and showed he was able to endure suffering with calmness and fortitude, it seems to me it is fitting that we should associate ourselves with the Prime Minister (Mr. Mackenzie King) in his eloquent and fitting tribute. We desire, sir, that you remember us when you extend to the bereaved family the consolations of the house.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, Doctor James Warren Rutherford was one of the most adroit and the most skilful surgeons not only of the province of Ontario but of the whole of Canada. He had a large practice, and his career as a practitioner was very brilliant. He performed so many operations which were considered as miracles in modern surgery that his name was respected and honoured by the heads of the medical profession on the whole north American continent.

It was at first a great sacrifice for him to enter into politics. Until then he had given all his time to his numerous patients, who were so dear to him. But he was a man of deep convictions. He was a true Canadian of Scotch ancestry, and a Liberal at heart.

He was a strong believer in the necessity of promoting Liberal ideals and Liberal policies for the welfare of his fellow countrymen. From 1926 to 1935 he divided his time between attending to his large practice and attending to the sittings of the House of Commons. His colleagues who had the privilege of knowing him intimately during that period will always cherish the most pleasant memory of his kindness, of his discreet humour, of his wisdom, and of his everlasting friendship.

While campaigning in the last general election he was the victim of an unfortunate accident. He was in the hospital, for the first time as a patient, when he learned that he had again been elected by a large majority. Then the suggestion was made to him to resign his seat in favour of some one else. He refused, saying that death only could break the happy association with parliament, which he prized so much. Last year he came to the house on a wheel chair, to attend a debate in which he was particularly interested.

If I may be permitted to add a few personal recollections, I would say that it was he who invited me to speak, for the first time outside of Ottawa, in Ontario. The occasion was in April, 1932, at the annual meeting of the Ontario Women's Liberal Association, which was held in his city, the beautiful maple city of Chatham. Mr. Hepburn spoke on that occasion. On the following day, in company with another dear friend of ours, Mr. Melville Rossie, editor of the London *Advertiser*, we went to speak at Lucan, where our friend from Middlesex East, Colonel Ross, also spoke. At that time Mr. Hepburn was apparently in very good health. I attended another meeting at Chatham on June 14, 1934, which was held in the armouries. On that occasion the hall was packed to capacity, and the two most prominent people in attendance were Mr. Hepburn and Doctor Rutherford who, in the meantime, had saved Mr. Hepburn's life. Mr. Hepburn will tell anyone that the fact he is still alive is due to the skilful operation performed by Doctor Rutherford.

I should like therefore to join with others who have spoken and to express my deep grief at the death of such a dear friend, one who was a great medical man, a great Liberal and a great Scotsman.

THE SECRETARY OF STATE

BIRTHDAY GREETINGS TO THE HON. MR. RINFRET

On the order for motions:

Hon. FERNAND RINFRET (Secretary of State): I desire to thank the house for its cordial expression of goodwill, as shown by the applause with which I have just been greeted, on the occasion of my birthday anniversary. When one advances in years he realizes that he needs a little sympathy on occasions of this kind, and again I thank my fellow members of the house for what has been forthcoming to-day.

CIVIL SERVICE

SPECIAL COMMITTEE TO INQUIRE INTO TERMS AND OPERATION OF SUPERANNUATION ACT— FIRST REPORT

Mr. MALCOLM McLEAN (Melfort) presented the first report of the special committee appointed to inquire into the operation of the Civil Service Superannuation Act, as follows:

The special committee appointed to inquire into the operation of the Civil Service Superannuation Act begs leave to present the following as a first report:

Your committee recommends that it be granted leave to print from day to day 500 copies in English and 200 copies in French of its minutes of proceedings and evidence and that standing order 64 be suspended in relation thereto.

Mr. McLEAN (Melfort) moved that the report be concurred in.

Hon. H. H. STEVENS (Kootenay East): Of course this motion should have notice. There are distinct rules of the house regarding printing, and I believe the time has come when we should scrutinize with great care the granting of permission to have stenographic reports made of committee proceedings. I think this is going beyond all reason. Years ago it used to be limited to specially interesting subjects, but to have a special *Hansard* for practically every committee, as is done now, I think is going too far. My opinion is that such requests as this should be referred to the committee on printing as to the advisability and, above all, the necessities of the case. I know nothing about the circumstances which have brought forth this motion, and I am objecting to it not for any particular reason, but rather on general principles.

Hon. CHARLES A. DUNNING (Minister of Finance): I have considerable sympathy with the view expressed by the hon. member for Kootenay East (Mr. Stevens), it will be remembered that I raised the question in almost similar terms a year ago. There is not only the expense involved in providing complete *Hansard* reports of all committees, and the cost of printing; but the fact is that our available staff facilities were not sufficient to meet the demands which were made last session and are not sufficient to meet those which probably will be made this session. It is very difficult to discriminate as between

committees. Last year we found that each committee insisted upon its proceedings being made a matter of record.

With regard to this committee, I am advised that the work done last session, which is a matter of record, very nearly completes what will be required by way of evidence. The nature of the matters being dealt with in this case I think justifies a record being made, because specific statements and calculations made by witnesses require to be a matter of *Hansard* record, particularly when they are not included in any submitted written document. I do not think there will be great difficulty with regard to this committee.

Mr. STEVENS: My remarks apply to all committees.

Mr. DUNNING: So far as the taking of evidence in this committee is concerned, the work is practically completed. If the committee is of the same mind as it was last year, I take it that from now on it will be a matter of the committee discussing what ought to be done in the light of the evidence. That will certainly not necessitate a *Hansard* record

Mr. McLEAN (Melfort): It is not anticipated that much printing will be required, outside of possibly the final report and one or two sessions of the committee. However, in order to have that little done, authority must be requested.

Motion agreed to.

IMMIGRATION

PETITION OF ST. JEAN BAPTISTE SOCIETY OF ST. EUSEBE RESPECTING IMMIGRATION

On the order for motions.

Mr. HERMAS DESLAURIERS (St. Mary's): Mr. Speaker, at the request of the St. Eusèbe parish section of the St. Jean Baptiste society and of a group of young people of that parish, I beg leave to lay on the table of the house a petition expressing their opinion respecting immigration.

FOREIGN POLICY

RECOGNITION OF FRANCO GOVERNMENT—PROTECTION OF DEFEATED GOVERNMENT FORCES AND REFUGEES

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Will the Prime Minister (Mr. Mackenzie King) state the position of the government with regard to the recognition of the Franco government in Spain? Second, will the Canadian government press upon the British government and the other members of the League of Nations the need of securing from Franco guarantees as to the protection of defeated government forces and of refugees?

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to my hon. friend, who was kind enough to give me notice of his motion, that the government is awaiting further information before arriving at a decision with respect to the recognition of General Franco; the British government has already taken up with General Franco the question of assurances against reprisals.

RADIO BROADCASTING

METHOD OF APPOINTING RADIO LICENCE VENDORS

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Transport (Mr. Howe). He is not in his seat at the moment but perhaps the Prime Minister (Mr. Mackenzie King) will have it brought to his attention. It is in regard to the method of appointing radio licence vendors. I understand from letters I am receiving that the system is being changed in some way on April 1. I think it would be an advantage to all of us here to be told in what manner these radio licence vendors are to be appointed, whether by the government, by the radio corporation, or otherwise. I think the house should be made aware of any change that is to be made in that respect.

TRADE AGREEMENTS

CANADA-UNITED STATES—ALLOCATION OF CATTLE QUOTAS

On the orders of the day:

Mr. J. K. BLAIR (Wellington North): Mr. Speaker, I should like to ask the Minister of Trade and Commerce (Mr. Euler) a question with regard to the provisions of the trade agreement with the United States. I understand the government has officially requested the government of the United States of America to allocate the quota on heavy types of cattle for the remainder of this year, and I should like to know if a satisfactory reply has been received from the United States.

Hon. W. D. EULER (Minister of Trade and Commerce): As I stated during the debate on the resolution with regard to the trade agreement with the United States, negotiations were in progress between this government and the government of the United States in connection with the allocation of the quota on heavy cattle. Those negotiations were carried on by an official of the Department of Trade and Commerce

and an official of the department of Agriculture. At the time I spoke on the matter an arrangement had been arrived at, but I was not in position then to make a statement. However, to-day I can say that the President of the United States has signed a proclamation allocating among countries of export the quantity of cattle weighing 700 pounds or more each, other than cows imported psecially for dairy purposes, entitled to enter the United States during the remainder of the year 1939 at the reduced duty of 1½ cents per pound provided for in the trade agreement.

In accordance with the provisions of the trade agreement the government of Canada officially requested the government of the United States of America to allocate the quotas on this type of cattle for the remainder of this calendar year. Article III of the trade agreement provides that the share allocated to Canada shall be based upon the proportion of the total imports supplied by Canada in past years, account being taken in so far as practicable in appropriate cases of any special factors which may have affected or may be affecting the trade in the article in question. After carefully considering all the factors and after consultation with the government of Canada, the president decided that imports during the years 1936 and 1937 are representative of imports of this class of cattle. Accordingly, the allocation for the remainder of the year 1939 is made on the basis of imports during the above years. This will give Canada 86·2 per cent of the quota and other countries 13·8 per cent. This means that the share of the quarterly quotas of 60,000 head allocated to Canada is 51,720 head. The allocation of the annual quota for the remainder of this year will be based on 225,000 head less the 60,000 head imported during the first quarter of the year, or a total of 165,000 head, of which the share allocated to Canada will amount to 142,230 head.

Hon. R. J. MANION (Leader of the Opposition): This is just for the remainder of the year; it is not retroactive?

Mr. EULER: No, of course not.

Mr. MANION: In view of statements regarding the cattle quota, which has been discussed in the house on the basis appearing in the press release given out by the government, may I ask whether any other changes are being made with respect to the trade treaty? In other words, is the government at the present time negotiating with the United States government to make any other changes in regard to the treaty as a whole?

Mr. EULER: Not so far as I know. What is being done now is being done under the terms of the agreement.

Mr. MANION: I understand that.

CANADA-GERMANY—SHIPMENT OF UNITED STATES COMMODITIES TO GERMANY THROUGH CANADIAN PORTS

On the orders of the day:

Mr. THOMAS REID (New Westminster): Considerable concern has been aroused in many quarters in British Columbia regarding shipments of dehydrated or dried apples through Canadian ports to Germany by United States exporters. Some suspicion has arisen in British Columbia over the recent shipment of some three thousand cases through British Columbia ports destined for Germany, it being felt that United States exporters might be taking advantage of the barter arrangements between Canada and Germany and that these shipments by United States interests may be going through as a portion of the Canadian quota.

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, perhaps for purposes of clarity I might make a reference to the payments agreement to which my hon. friend (Mr. Reid) referred.

When the payments agreement, which was complementary to the trade agreement made with Germany in 1936, was concluded, the vital principle of it was that the German government obligated itself to provide exchange for the purchase of Canadian goods at least to the amount of all purchases made by Canada in Germany.

The government had its attention directed to a complaint that certain United States commodities, in this case dried apples, were imported into Canada in transit and re-exported to Germany, and the fear was that the amount of the shipment in money value would be charged against the amount of exchange that would be allocated for the purchase of Canadian goods. Accordingly, representations have been made through the Canadian government's trade commissioner at Berlin to the German authorities asking that payment for shipment of dried apples exported from Canada to Germany be not made from the funds accruing under the German-Canadian payments agreement unless the shipments carried a Canadian inspection certificate. Of course, the house will understand that no Canadian inspection certificate would be given for goods of American origin.

CANADA-UNITED STATES—CONTINUATION OF DEBATE ON MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

The house resumed from Friday, February 24, consideration of the motion of Mr. Mackenzie King that the house go into committee on the following proposed resolution:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. J. A. GLEN (Marquette): Mr. Speaker, there will be discussed during this session subjects of importance which in themselves and in reference to their particular objects are a necessary part of the administration of Canada. There will be many subjects which will create excitement and discord, such as the Bren gun debate; but I think I am safe in saying that the subject of the present discussion, approval of the trade agreement entered into at Washington on November 17, 1938, between Canada and the United States of America, is of transcendent importance because of the magnitude of the items covered by the agreement and the fact that our agreement is linked with and closely related to the agreement signed on the same day between the United States and the United Kingdom. It must be a unique, or, more certainly, a rare occurrence in the history of nations that three great exporting and importing countries can find it possible in these troublous and fear-ridden days to sit down and after many days evolve a treaty for the exchange of products in a reasonable and practical manner, so reasonable and practical that each country knows and realizes and admits that concessions must be given by each in order that a reciprocal bargain may be concluded. To add to the difficulties these treaties had to recognize the provisions of existing agreements which required careful and thorough examination as to all the implications which the new agreement created.

In addition, the United Kingdom had to consult and obtain the cooperation of the other dominions—Australia, New Zealand, South Africa, India—and Newfoundland, in order to complete its agreement with the United States. Likewise Canada had to obtain the consent of the United Kingdom and the Union of South Africa for the modification of guaranteed preferential margins. It will thus be seen that the whole treaty bristled with difficulties. It is difficult enough to complete an agreement with one country, but to complete a treaty involving a three-way agreement entered into by three countries, an agreement which having regard to the most favoured nation clause in the agreements of the three countries, involved other countries also, I regard as the most outstanding example of the tenacity and determination of the Prime Minister, thus to embody in legislation the policy of the Liberal party. If this government had done nothing except complete the agreement in 1935 with the United States and the present agreement, they have by so doing made the greatest contribution that has been made in Canada in the last nine years, towards the welfare of the common people. This government can say with truth that in that ever-forward march, of which this is the second major step, towards greater freedom of trade, they have been true to Liberal principles.

It is the custom to-day on the part of certain interests and individuals to decry and depreciate the government. They see in the legislation which has been enacted since 1935 a challenge to and a frustration of those hopes of privilege and power which for so long controlled the economics of the country. They see the trade of the country growing extensively and likely to expand more generously and become more widespread than ever before, and they fear the effect in the exclusive circles of privilege.

To-day we have an example in a paper published in Toronto, the *Globe and Mail*, of the extent to which a free press can descend, in the way of innuendo and wilful perversion. They print daily, set in double column, the heading, "What parliament has done", and, in brackets underneath, "January 12 to February 27, 1939—as condensed from *Hansard*", the second date in each case being the date of the particular issue. Under this heading a blank is left, and they expect that the citizens of this country will fill it in. Well now, this editor, the boy wonder of Toronto—and I hope Toronto will keep him—qualifies it and makes it read, "January 12 to February 17," not what this goverment has done since 1935, upon which surely any man with a sense of decency must judge the government. He does not say that the government has not done anything, but there is only one meaning he intends to convey, namely that the small blank space represents all its achievements.

It is true that the heading over this blank space is "What parliament has done", and therefore all parties in the house must share the blame. It is no wonder that the leader of the opposition (Mr. Manion) rose in his place the other day to protest against this form of criticism, which after all is not very original, although Mr. McCullagh may think

so. We have had that kind of criticism of all forms of government, be it school board, municipality, province or dominion. It is journalism of this kind which gives point to those who would seek to trammel and restrict and prohibit a free press. It is journalism of this kind which is the rule in the totalitarian states and which prohibits the publication of contrary views.

I would say that in no period of recent parliamentary history or even possibly in more remote times, has a secret or hidden motive so flagrantly transgressed the best traditions of journalism. If this paper, or rather this editor, wished to be fair, he might have stated some of the achievements of this government, which since taking office in October 1935 has successfully negotiated sixteen trade expansion arrangements with other countries. He might have stated that in the best year of the Bennett government, the year 1934-35, the external trade of Canada was valued at $1,286,000,000, while in 1937-38, under the present administration, despite the depression in the United States and a short Canadian wheat crop, the external trade of Canada was valued at $1,883,000,000, an improvement of $597,000,000, or forty-six per cent. He might have stated that as between those years our trade with Great Britain increased by $152,000,000, or thirty-seven per cent. Our trade in the same years with the United States increased by $292,000,000, or forty-six per cent; and our trade with the remaining countries increased in the same years by $143,000,000, or fifty-two per cent. These gains were not achieved by a government resting on its oars, but by intense and intensive effort, in the belief, which has been demonstrated, that the welfare of our dominion must depend more largely than any other effort of government upon the development of trade.

This editor might have stated that those treaties with the United States were completed at a time and in a period when they were most urgently needed. The first breach made by any country in the wall of world economic nationalism was made by this government. Without that 1935 agreement the present agreement could not have been consummated, and we would not now have had the most effective reply which has yet been made by the democracies to the dictator states.

This editor might have referred to the unemployment problem. If he has a scheme to cure it, we are all waiting eagerly to hear it. It might not be out of place to remind him that the United States, the richest country in the world, has not yet solved or cured it; that Great Britain has not solved it; that in fact the only country in the world which has less unemployment relative to its size and importance is Germany—and the reason is not far to seek. I do not need to tell that editor, nor do I need to say to the house, that it has been accomplished simply by the employment of men and women in the arsenals and in the army. I might suggest, and ask the editor of this paper, does he desire us to adopt the regimentation which will cure that unemployment? If he has any sense of logic he must be against that policy, to judge from the squawk he made when he was denied what he called free speech because the Canadian Broadcasting Corporation refused his request to use its facilities.

I should like also to point out that only ten days ago the Minister of Labour (Mr. Rogers) stated that the government were ready and willing to go ahead with a measure of unemployment insurance if the three provinces which withheld their cooperation consented to its doing so. In fact, when the premier of Quebec doubted the sincerity of the government in this regard, the minister gave the direct challenge to the premier that he could easily test that sincerity by agreeing to the necessary amendment to the British North America Act.

On the question of unemployment and trade treaties I will quote very high authority Mr. Chamberlain, the Prime Minister of Britain, speaking at, I believe, Blackburn on February 23, had this to say:

> The Prime Minister declared that "even a slight improvement in trade generally does more to reduce unemployment than all the artificial remedies anyone has ever thought of, and it is a significant fact that the easing of international tension which made itself felt after the German chancellor's speech at the end of last month produced instantaneous improvement in the trade reports which come in to the government from all parts of the country."

I propose to deal later with the question of peace as this treaty affects it. But I should like also to say, and to point out to this editor, that there are a number of measures, all tending to alleviate the domestic ills of Canada, and all being furthered by the effects of a trade treaty such as has been negotiated. I shall give only the headings of them:

Closing of relief camps and placing of men in railway employment.

Farm improvement and employment plan.

Home improvement plan.

Youth training projects.

Prairie farm rehabilitation activities.

Improvement of national highways and national parks.

Development of roads into mining areas.

Financial aid to municipalities for self-liquidating public works.

National housing legislation.
Development of our ports.
Back to the land settlement.
Reestablishment of needy fishermen.
Harbour and waterway improvement.
Reforestation.
Special surveys of mineral areas.
Joint public works with provinces.

These are legislative enactments of this government which can come to fruition only if we have trade. In fact, I expect that when the cry of "do nothing" which has been raised against this government is dead—and it is almost dead, at all events nearing its last gasp—we shall find the editor and the opposition changing their cry and saying: Let us stop; we are surfeited with legislation.

Perhaps the editor will now have sufficient to fill up the little wee blank in his newspaper.

But before I leave the editor I should like to call his attention to some other facts. I understand that he is very much in favour of the unification of railways. All right: he carries that principle into effect so far that he has a unification of newspapers. I find from his own statement over the radio that the total investment in these two papers is six million dollars; the total revenue of the two in 1938 was $2,196,070 and the total expenses $2,174,835, leaving a net profit of $21,235. These figures do not include any allowance for depreciation, nor is it even recorded whether rent was paid for the splendid building which that paper now occupies. It is amazing that this gentleman, who proposes to lecture parliament and all its members on how to conduct the business of the country, can realize from the combination of these two papers a profit on his operations of only one-third of one per cent; and that, Mr. Speaker, in spite of the increased price to the purchasers of the papers he now sells. I find that in 1936 it cost our own library $5 for this newspaper; in 1937 it cost $6; in 1938 and at the present time it costs $7. Well, if there is an estimated circulation of 165,000 it is a safe guess that the public are now paying $400,000 for this unified paper. I do not know why there should be such an increase, but I do think that this editor ought to tell us just why these things should happen and why the people should pay an extra price for the paper. He who is asking that there shall be a reduction in taxation should also consider the fact that the consumer, that is, the reader, has to pay more for the paper under the unified system. Apparently he is in favour of unifying the railways, which he thinks is the best thing, but his experience so far in the unification of his own paper has not proved very profitable.

I will now leave that gentleman and quote an extract from a speech made by Lord Baldwin; after all it may hit the mark so far as this editor is concerned. Lord Baldwin has said:

> There is nothing more curious in modern evolution than the effect of an enormous fortune rapidly made, and the control of newspapers of your own. The three most striking cases are Mr. Hearst in America, Lord Rothermere in England, and Lord Beaverbrook. It seems to destroy the balance; the power of being able to suppress everything a man says that you do not like, the power of attacking all the time without there being any possibility of being hit back; it goes to the head like wine, and you find in all these cases attempts have been made outside the province of journalism to domineer—to blackmail. Mr. Hearst has tried for years to dominate American politics. He has failed every time.

There is another feature that I might call attention to, a singular result of this campaign. I was shown a number of envelopes containing coupons which an hon. member of this house received—not an hon. member from Toronto. The envelopes bore the Toronto, Ontario, postal terminal stamp and were all addressed in the same handwriting, but they were supposed to come from constituents in my hon. friend's riding. The block letters filling in the little blank were evidently made by the same hand. Whether the handwriting on the envelopes and the block letters were all done by the same hand I do not know but I have my suspicions. I prophesy that if and when the editor forms his leadership party he will find himself in mixed company. In fact, I should not be surprised if he enlisted all the elements present in the communist and fascist factions in Canada. These factions have been seeking places wherein to spread their propaganda, and here they can qualify actually within the leadership party of Mr. McCullagh.

An hon. MEMBER: Leaderless party.

Mr. GLEN: Very well, have it that way if you like. Their object is propaganda. At present they are not very numerous and not very popular in Canada, but they can qualify for membership in the leadership league, and with such fine motives and high ideals as must be adopted with such a leader they will have an opportunity to propagate their specious thoughts.

What has this government done in the way of increasing trade? I have said before that our economic ills can be, if not entirely at any rate immeasurably, lightened in this day and generation by one method only, and that is trade. I take no stock in the theories of the Social Credit group. Whatever merit they have, if any, cannot be applied in the trade

world of to-day. They have to convert the world to their thoughts and they are not making very much headway in their own province of Alberta. The Commonwealth Co-operative Federation lightly dismiss the question of trade, but they will not dare vote against this resolution. The theory of national socialism is having a real trial in Germany and Italy and with so many rugged individualists in the party on the other side I am quite satisfied that in their hearts they know and recognize the value of trading, but they carefully restrain their enthusiasm; for that would mean giving credit to the government, which is not in their lexicon.

And now we come to the Tories. It is said that there is no difference between the Liberals and the Tories on tariffs. I humbly suggest that those who say so can hardly do so now with any degree of truth. That slogan is like the other one of which I spoke—if it is not dead it is certainly damned. There is evidence of that. In the year 1936 after the trade treaty came into effect there were reductions on 192 items and in 1937 there were reductions on 354. Surely that is a fair record. Going further, however, I find that not only has the government reduced the tariff rate on a great variety of items, but it has also transferred an appreciable number to the free list. Evidence of this is seen in the import figures for the fiscal year 1937-38, when out of a total of $799,069,000 worth of goods imported into Canada, $364,904,000 worth entered duty free; that is, 45 per cent of all the goods which entered Canada during the last fiscal year came in without having to pay duty.

My time is going fast and I must hurry to a conclusion, but I wish to deal with some things which the leader of the opposition (Mr. Manion) has said. Some speakers have taken the position that to aver that these treaties have any bearing on the peace of the world is far-fetched. The leader of the opposition, on pages 1051 and 1056 of *Hansard,* devoted two columns to ridiculing this, and on page 1053 he said:

> I submit that the talk about this treaty as having anything whatever to do with world peace is simply what Mr. Oliver Stanley called it, "eyewash."

It is a pity that the leader of the opposition in the exuberance of his verbosity should utter such sentiments. In his position as leader of the opposition he is inclined to put the emphasis on the opposition and forget the leadership. I suggest that he should cultivate the virtues of understatement. He quoted with approval what Mr. Stanley said. Let me quote a greater authority. I have here a little book entitled Together We Stand, written by Leonard J. Reid, financial editor of the London *Daily Telegraph,* with a foreword by Viscount Horne, a former chancellor of the exchequer. This book tells of Mr. Reid's visit to the United States in 1937 and deals with trade relations and the psychology of the two peoples. It is quite apposite and apropos of this particular discussion. Referring to Mr. Reid, Viscount Horne says in the foreword:

> No more confident observer could have applied his mind to the problems of the present relations between America and Great Britain; and none could have obtained more adequate information. He has formed certain very definite impressions which he records in this book. It is interesting to observe, from statements in the public press, that Sir Josiah Stamp, who has newly returned from a tour in the United States of America, has arrived at conclusions practically identical in character with those disclosed in this treatise.

An on the second page of the foreword he says:

> A large section of American opinion has come to the conclusion that the prosperity of the United States depends in a considerable measure upon the extension of international trade, and the present administration is seeking means by which such trade can be fostered. The Secretary of State, Mr. Cordell Hull, is an ardent champion of this policy, and he is ably seconded by Mr. Wallace, who has preached with great persistency and unabated enthusiasm that the success of farming in the United States must depend upon the availability of export markets.

The leader of the opposition says that to talk of peace in connection with this agreement is "eyewash."

Mr. MANION: Oliver Stanley said that.

Mr. GLEN: Yes, but my hon. friend approved it. At page 28 Mr. Reid says:

> The government and the leaders of the business world in the United States, under the courageous lead and inspiration of Mr. Cordell Hull, the secretary of state, are now convinced that America's old economic policy of prohibitive tariffs and isolation was wrong and harmful both to herself and to the world. Having come to this conclusion, Mr. Hull, who has been working for years at the successful arrangement of bilateral trade treaties, now wishes to arrange one with Britain. His belief is that freer conditions of world trade must be established if the world is to escape another catastrophic depression and probably another world war. America, he and his followers believe, cannot lead the way to this goal alone. America and Britain or, better still, America and the British commonwealth, working in cooperation, could do so.

I may interject that this was written in 1937.

> They see the world, as it is at present, drifting inevitably into chaos, and envisage a British-American trade pact, opening up the door to a series of agreements on currency, gold and a host of other matters, as the only

alternative to rapidly approaching world disaster. So they sincerely and honestly want it very much.

These are the observations of the financial editor of the *Daily Telegraph* on his return to London, speaking of the viewpoint of the Americas. Then on pages 79 and 80 of the same book he says:

It is firmly believed in official circles at Washington that a series of agreements between the United States and Britain, designed to free and encourage international trade and to stabilize the currency position, would be rapidly and eagerly followed by Scandinavia and the whole of what is known as the "sterling bloc," and also by all the countries of South America. The picture thus presented is one of such a huge portion of the earth's surface working together with a common aim of increasing trade and prosperity and providing security against financial shocks, that, in the Washington view, there is no nation in the world which could afford to defy it or even stand outside it.

Then, in answer to the leader of the opposition in regard to "eyewash," he goes on to say:

This is the big idealistic vision which is in vogue in Washington to-day. The very bigness of the conception causes cynics to write it off as a mere vague and unpractical philosophy. But any English statesman—

And, I would interject, any Canadian statesman.

—who decided that minor difficulties of tariff schedules were of more importance than the attempt to achieve, with real practical hopes of success, a new basis for prosperity and security in the world, would surely be risking the direct condemnation of history.

Those are the words of a distinguished visitor to the United States, words which have been quoted with approval by Viscount Horne, a former chancellor of the exchequer.

Mr. MANION: Does my hon. friend suggest that the opinion of the economic expert of the London *Telegraph*, who I take it wrote the book, carries more weight than that of the president of the board of trade, a member of the British cabinet?

Mr. GLEN: I do say this, that he is speaking from a disinterested point of view, with the knowledge gained during his visit through contacts with the leaders of thought and opinion in Washington. He returns to the old country and publishes his book, which has been approved by Viscount Horne, a former chancellor of the exchequer. If there is any better authority I should like to know about it.

Mr. MANION: I would say Stanley was at least as good, if not better.

Mr. GLEN: He has yet to prove himself; Viscount Horne has done so. Then Mr. Reid goes further and deals with the Canadian agreement at pages 64, 65 and 66. At page 64 he says:

Canada is a member of the British commonwealth, bound up equally with ourselves and her fellow dominions with the whole Ottawa system of exclusive preferences, yet Canada has managed to devise and put into practice a trade treaty with the United States. It took a lot of time to devise, a great deal of hard work and a very great deal of good will. The negotiators started in a small way, facing hosts of difficulties and ironing them out slowly and patiently until to-day the American-Canadian pact is working smoothly to the mutual advantage of both countries and is definitely increasing the volume of trade. In the case of Canada itself it is not surprising that the maximum good will for the project of agreement with America should be forthcoming. Not merely geographical propinquity, but the interweaving of trade interests naturally makes it of vital importance for Canada to be on the best possible terms in every way with her great and powerful neighbour.

Then on page 65:

Finally, to those who say that the Ottawa agreements obstruct the project of British-American trade cooperation, I would reply that the difficulties in the way of a trade agreement between Britain and America, or between America and most of the British Empire are less difficult in their technicalities than was the agreement between Canada and America whose economic situations and needs have a greater similarity than that which exists between America and England.

So we have the evidence of this distinguished Englishman, Mr. Speaker, and the sure and certain knowledge that this government and this nation are entitled to take credit not only for making the first breach in the wall of economic nationalism but also for preparing the way for the completion of the agreement between the United Kingdom and the United States of America.

In this book Mr. Reid refers to a publication issued by the National Foreign Trade Council of the United States, which states much better than I could exactly what trade treaties mean and why those of us on this side of the house are so glad to support them. At page 33, under the heading "Foreign trade and the domestic welfare" and the subheading "The choice that confronts us," the foreign trade council gives these alternatives:

With Increasing Foreign Trade	With Foreign Trade Restricted
A higher standard of living.	A lower standard of living.
A self-reliant agriculture.	Continued agricultural subsidies.
Full employment in industry.	Permanent large unemployment.
"Payment in full" for our exports.	Closing the door to payment for exports.
A free and unregimented economy.	Regimentation of agriculture and industry.
Sound money.	Currency tinkering.
The road to international concord.	The threat of military conflict.

So far as we in the west are concerned I think I can quote the words that were contained in a letter I received the other day from one of my constituents. This man, who is a Ukrainian, said: "We do not want any Christmas gifts in the form of bonuses. Give us a chance to trade and to buy our goods in freer, lower-priced markets, and we will look after ourselves." This is the viewpoint of most of us in the west. We do not want any Christmas gifts by way of bonuses but we do want to purchase our goods in freer, lower-priced markets. This treaty, together with the 1935 treaty, will go a long way towards acceding to that request. Mine is a rural constituency, and naturally my first sympathies are with my people and their problems. It is a mixed constituency, with a large Ukrainian population, who have created a settlement which, from a farming point of view, could not be bettered. In 1935 I asked my constituents to support me as a member of the Liberal party, in order that we might have in power a government that would reduce these barriers to trade. I can go back to them now and say, "What I told you during the campaign is being carried into effect by this government to-day. They have made the greatest reductions in the tariff of this country to be made by any government in Canada." I know they are going forward to ever-increasing markets, and in that way they will lessen the burden of our producers. I say also that there is only one party in Canada to which we can look for that freedom of trade, and that, I am glad to say, is the party I support to-day.

Mr. KARL K. HOMUTH (Waterloo South): Mr. Speaker, in rising to protest against the adoption of this motion for approval of the trade treaty I wish also to protest in the house against the unwarranted and continual castigations of people engaged in industry in eastern Canada. I happen to be engaged in industry, and very much interested in the development and prosperity of industry in Canada. I realize the best customer industry in this country can have is the prosperous agriculturist. But so, too, the best customer the agriculturist can have in Canada is the prosperous working man in the factories throughout the dominion.

I have listened attentively to the speeches of the ministers and of hon. members opposite. I have listened carefully to what they had to say. One after the other got up and criticized industry; not one member opposite has stood in his place in the house and had a kind word to say for industry in Canada or those engaged in it.

I wonder what the members from that great industrial area of Windsor are going to do in connection with this trade treaty?

Mr. MacNICOL: They will be like a clam.

Mr. HOMUTH: I wonder what the Liberal members from Brantford, Toronto, Renfrew, Oshawa and other industrial areas of Ontario, Quebec and the maritimes are going to do?

Mr. MARTIN: You will hear the member from Windsor.

Mr. HOMUTH: What are they going to do with this trade agreement?

Mr. FACTOR: They are all satisfied with the treaty, and they are not taking up the time of the house.

Mr. HOMUTH: The fact of the matter is that they are not satisfied with the trade agreement. The fact is that they will support the trade agreement in the meantime, but I should not be a bit surprised if, when the various items come up for discussion, one after the other they will stand in their places and try to satisfy their own districts, and register their protests against some of the things that are being done in the treaty.

This continual tariff changing by the government, as I have said before in the house, is doing nothing but giving industry the jitters, and it is slowly but surely lowering the standard of living of the industrial workers of Canada. Member after member, particularly those from the western provinces, have stood in the house and demanded protection for the western wheat farmer. I have never known of a bill presented to the house to do something for western Canada to which eastern members have taken exception. In those terrible days of the last few years eastern Canada unhesitatingly went to the assistance of western Canada in every possible way. I have said before and I repeat that if we are to solve the problems of Canada there can be no east, no west, no Ontario, no Quebec—we have to look at these matters from the broad Canadian viewpoint.

So I say I resent very much hon. members standing in the house and continually taking a lot of fun out of criticizing the so-called industrial leaders in the eastern part of this country. During all my political life I have fought, and will continue to fight, for the industrial workers and the farmers. I come from a county which is prominent not only industrially but also from the standpoint of agriculture. Perhaps in no place in Canada is there better exemplification of the extent to which the rural producer and the urban industrial worker depend on each other for

their prosperity. For the few moments at my disposal, therefore, I shall deal with the matter of agriculture.

Sitting in the house and time and again listening to the Minister of Agriculture (Mr. Gardiner) deal with matters pertaining to agriculture, about the only thing I have heard him discuss has been the question of wheat. So far he has said nothing with regard to vegetable growers, fruit growers and people engaged in various other forms of agriculture, particularly the forms common in eastern Canada. From what is happening in Canada to-day I can see very plainly that when the minister deals with wheat, apparently he is not very much interested in the wheat grower of eastern Canada.

In 1938 there was a carry-over of eight or ten million bushels of eastern wheat. In the same year we produced eighteen or twenty million bushels. Therefore we have a tremendous carry-over of wheat, and yet to-day throughout eastern Canada, and particularly in Ontario, hundreds of thousands of bushels of subsidized United States wheat are coming into this country and are being milled in Ontario. On Saturday last the wheat quotation to a Canadian mill in Buffalo was 46 cents, and the quotation to a United States mill in that city was 72 cents. Yesterday there was a spread of 30 cents a bushel between the price of wheat in Buffalo for the United States mill and the price of wheat in that city for the Canadian mill. That is the wheat which is coming into this country, a country flooded with wheat. We do not know what to do with it.

Hours and days of the time of the house have been taken up in an effort to find a solution of our wheat problem. Yet here are these thousands of bushels coming into Canada to be milled, while the farmers of Ontario who buy their bread are sitting at the table and eating bread made from subsidized United States wheat, at a time when their granaries are full of their own wheat, and they do not know what to do with it. Surely the time has come when something must be done for the wheat farmer of eastern Canada. I say in all seriousness that I trust the governments of Ontario and Quebec, if they do not already know it, will take cognizance of what is going on, and will protest and urge that the federal government is absolutely neglecting the wheat farmer of eastern Canada.

Mr. MARTIN: What did you do between 1930 and 1935?

Mr. ROWE (Dufferin-Simcoe): Answer that first.

[Mr. Homuth.]

Mr. HOMUTH: I don't care what was done in 1930 or 1935. What I am concerned about is the welfare of the people of Canada. We are not looking back; we are looking forward. And if this government would look forward, as we are trying to do, it would not attempt to put through a trade treaty such as this.

Much has been said regarding the great benefits which will accrue to agriculture throughout Canada. I was not only interested but well pleased when from his place in the house this afternoon the Minister of Trade and Commerce (Mr. Euler) told us the government had made arrangements with the government of the United States whereby our portion of the quota on cattle could go into the United States. I still maintain that the understanding given to the people of this country was that Canada was to receive one hundred per cent of that 225,000 head. One does not need to go any further than *Hansard* and read the statement of the Minister of Agriculture when the matter was brought up in the house by the hon. member for Haldimand (Mr. Senn). On page 822 of *Hansard* the minister is reported as follows:

> I might add that there is a provision in the agreement whereby, if quotas work out as this one apparently has, through consultation with the United States government, an arrangement may be made with regard to it in order to make it work as it was intended to work.

There is no question that the Minister of Agriculture has admitted that the intent was that we were to have 225,000 head.

Mr. GARDINER: I do not want my hon. friend putting words in my mouth. If he will read all the statement he will see that I said exactly the opposite.

Mr. HOMUTH: It is in *Hansard*. The minister may read it to-morrow.

Mr. GARDINER: It is not in *Hansard* as the hon. member states. He should read the whole statement. The statement shows that we never at any time had the whole quota.

Mr. HOMUTH: Do you deny the words "as it was intended to work"?

Mr. GARDINER: Read the whole statement. It is that Mexico always had part of it.

Mr. HOMUTH: The peculiar thing about this whole trade agreement is that whatever concessions we got from the United States are on a quota basis. The Minister of Trade and Commerce has referred to the fact that less than two per cent of the shoes purchased in Canada are imported. We might do the same thing and work out, not what could go into the United States but what can go in.

We can send milk and cream into the United States only to the limit of the quota, but we impose no quota on goods coming into this country. Our tariff on wheat is 12 cents a bushel as compared with a duty of 42 cents on wheat going into the United States. This is the government with which they made an appeasement treaty. This is the government to which they looked with such great friendliness as to what was going to happen as a result of this trade agreement. What is happening as a result of this trade agreement? The farmers of eastern Canada are suffering because of the hundreds of thousands of bushels of wheat that are coming into this country.

Mr. EULER: What is the quota on boots and shoes going into the United States?

Mr. HOMUTH: There is no quota on boots and shoes going into the United States, and the minister knows that only too well. I shall have something to say about shoes later on. What I want to emphasize is that those things which they point out to the farmers as being of such great benefit are on such a ridiculous quota basis. Even the increased number of cattle that we can send into the United States under this new agreement amounts to about one-third of one per cent of their total consumption. Other hon. members have already told this house what the milk quota means. The county of Waterloo is not a dairying county, but it produces three times as much milk as the total United States quota. We produce as much cream in that county as is provided for by the United States quota. The amount which we can send to the United States would give every American citizen three tablespoons of cream once a year. What a wonderful thing they have given to us! What a wonderful friendly gesture that is!

Mr. ROWE (Dufferin-Simcoe): It saved a world war, though.

Mr. HOMUTH: Of course. My hon. friend referred to the number of shoes coming into this country. I have said before, and I repeat, that the question is not the number of shoes that come into this country, but how many would come in if our shoe manufacturers did not lower wages and the quality of their product in order to compete against the cheap United States shoes. If it were not that I have some regard for the dignity of this house I would have brought some shoes here to show some of the westerners the type of shoe that they have been told will come in here cheaper and thus reduce the cost of their wearing apparel, production costs, and so on. They are shoes for evening wear, ladies' shoes, and so on. I should like to see some of the western or eastern rural housewives wearing this type of shoe as they work around the barns.

Mr. MUTCH: They have stopped working in the barns in the west.

Mr. HOMUTH: The same thing is true in connection with furniture. It is not a question of the amount of furniture that may come into this country; it is the threat of the furniture that may come in. Our furniture manufacturers must be prepared to make a product which will compete with the United States article. My hon. friends from the west laugh when we talk about protection for industry in Canada, but let them stand up in this house and say whether or not they have accepted the policy of protection. They have accepted the government bonus on wheat, which is protection in a different way. Then this year the Minister of Agriculture is offering them protection in still another way. Eastern Canada is not objecting to that. Eastern Canada is not saying that this should not be done for the west. But eastern Canada does say that you should have some regard for the great industrial areas in eastern Canada and for the industrial workers employed in the various industries in that part of the country. That is all we are asking. Is that not fair? If we would quit playing politics with our wheat policy and other matters and get down to business, we would be in a better position to solve our problems without all the bickering that is going on.

Last June and July the boot and shoe workers' union in South Waterloo protested to the government against the provisions of this treaty. Protests were also sent by the boot and shoe manufacturers. The Minister of Trade and Commerce has said that he received no protests from the shoe industry in his riding.

Mr. EULER: That is quite correct.

Mr. HOMUTH: But the minister has received protests from boot and shoe manufacturers who represent the boot and shoe manufacturers in North Waterloo. It might be interesting to deal with some of these protests for a moment.

In June or July of 1938 the boot and shoe manufacturers' association came to Ottawa and placed before the government a brief setting forth the condition of the shoe industry and how they were threatened with the importations from the United States. At about the same time many of the ministers were sent letters by the boot and shoe workers' union

of South Waterloo protesting against the conditions which obtained in the shoe industry. This letter was signed by Marvin McKenzie, secretary treasurer of the Canadian shoe workers' union. It reads:

Owing to the fact that we have a Conservative representative in our district since the death of the late A. M. Edwards, I as secretary of local three of above organization representing some 400 members have been instructed to call your attention to the great number of shoes being imported into Canada from the U.S.A. and the extremely low prices at which they are being offered to the public.

We feel that these shoes are being shipped into Canada at considerably lower prices than they can be produced and it is working a hardship on the manufacturers and the workers.

Our organization has many members out of work and so many working short time and this unfair competition is definitely making it so much worse.

The shoes in question particularly are ladies' cheap evening shoes.

We have been informed that some of the retailers have stated that they are not buying this class of footwear in Canada for next season.

In view of the foregoing conditions, we respectfully request you use every means available to investigate this menace with a view of helping the manufacturers to operate successfully and make it possible for the workers to retain their self-respect by keeping off relief.

We trust that you will give this your favourable consideration.

Yours respectfully,
The Canadian Shoe Workers' Union,
Marvin McKenzie,
Secretary-Treasurer.

This is the letter that went from the secretary of the boot and shoe workers' union. Mr. F. R. Sims, for the commissioner of customs, replied that considerable effort would be involved in investigating the whole matter of costs and determining whether or not these shoes were being dumped into Canada.

The secretary of the Prime Minister (Mr. Mackenzie King) also replied to the boot and shoe workers' union, as follows:

Dear Sir,—

The Prime Minister has asked me to acknowledge the receipt of your letter of recent date, with respect to conditions in the shoe manufacturing business due to the importation of shoes from the United States.

Mr. King wishes me to let you know that the representations contained in your communication have been carefully noted.

The Minister of Labour (Mr. Rogers) also received a letter from the boot and shoe workers' union, to which he replied:

Your letter of recent date addressed to the Minister of Labour has been received and will be brought to his attention at the first opportunity.

[Mr. Homuth.]

All this occurred in June and July of 1938, when the treaty was under consideration. Yet in spite of all these protests made to the minister and the government, the government went ahead and negotiated the trade treaty with the United States, which will result, when the excise duty is taken off, in reducing the protection on shoes made in Canada by nine to ten per cent—and this in spite of all the protests made by these various organizations representing the shoe industry and the workers engaged in that industry.

Mr. FRASER: What is the present rate of duty on shoes?

Mr. HOMUTH: Ask the Minister of Trade and Commerce. He can tell you. On January 23, 1939, a letter was received by the Minister of Trade and Commerce, reading as follows:

Dear Sir,—

You will shortly receive a letter which I have instructed our manager, Mr. Roy Weaver, to write to you in connection with the shoe industry. This letter is prompted by your remarks to the house that imports were less than two per cent of the Canadian consumption.

While this statement is quite true when one takes the general picture, the story is entirely different when one analyses the shoe trade in its various classifications. In the district that you represent, there are at least two factories that are facing a very serious and difficult situation due to importations in 1938 of shoes from the United States and under the new trade treaty the importations in this particular field will very definitely increase in 1939.

I myself last week saw samples of shoes that are to be purchased from the United States in quantities by one of our large retailing organizations and this business is coming directly out of factories in your own district. I urge you to give very serious consideration to this and I would appreciate an opportunity of personally discussing the shoe industry with you sometime when it is convenient to you.

Yours very truly,
Shoe Manufacturers' Association,
W. H. Brimblecombe,
President.

To this the minister replied:

In reply to your letter of January 23 I wish to say that I have received no complaints from the local shoe manufacturers in Kitchener. I do not anticipate that the reductions which have been made in the new Canada-United States agreement will materially increase the importation of footwear.

I should point out that the tariff has been reduced on kid leather from 27½ to 20 per cent. This is a valuable concession to the manufacturers of ladies' shoes. Excise tax will also be removed from a number of the materials used in the manufacture of footwear. I would be disappointed indeed if the shoe industry in this country is injured by the new agreement.

While I shall be glad to discuss matters with you at any time, I am bound to say that no change can be made in the agreement as it has already been signed.

The last paragraph of that letter, Mr. Speaker, raises the whole question of the method followed by the government of this dominion in making trade agreements. We have heard considerable talk about the men who went over there and negotiated the details of the treaty. I knew Mr. McKinnon before he ever came down here, and I knew of Mr. Wilgress and Mr. Robertson, three capable men. I doubt if there is a man in any country anywhere who knows custom duties better than Mr. McKinnon; I have no hesitation in saying that. But Mr. McKinnon does not make trade treaties. All Mr. McKinnon does is to work out the intricate details of the treaty after the government has announced its policy. Mr. McKinnon worked out the increases in the tariff in 1930, and in the following year. He simply carries out whatever the tariff policy of the government is. And so, regardless of what is contained in this treaty, all that Mr. McKinnon and his assistants had to do with it was the working out of the various items and making one dovetail with the other. The policy itself is the policy of the government.

On the other hand, in the United States, they gave their people, regardless of what line of business they were engaged in, an opportunity to consider the trade treaty before it was concluded. The United States gave notice to all those likely to be affected in any way by the treaty, setting forth the various items that were to be considered. Every item that was to be considered when the United States negotiated its trade treaties with the United Kingdom and Canada was set forth in a pamphlet so that a man reading it could say: Well, this item does not affect me, so I do not have to bother. But if any item did affect him, he had the opportunity of going to Washington and laying his case before the men who were negotiating the treaty on behalf of the Washington government. That was also the procedure in England, and we can readily see that the men who went to Washington, representing the interests of United States industry, were certainly very successful in the pleas they made before the committee of inquiry.

But in Canada we knew nothing even as to the items that were to be considered, and we had no opportunity of going before any committee. The government may say: Well, you had a chance of coming down or sending in your brief. But since the items that were to be considered were not known, that would have meant that every industry in the country would have had to send in a brief to safeguard its interests—and judging by the treaty itself, certainly little consideration was given to the briefs that were placed before the government. The shoe brief is a very fine example of how representations made to the government were ignored. Here was the policy of the government, a low tariff policy, and it was this policy of the government that the three men who negotiated on behalf of Canada at Washington were going to carry out. So I say, Mr. Speaker, that the whole basis on which we make trade agreements is wrong and unfair to this country, unfair to our vegetable and fruit growers, unfair to our farmers, unfair to the wheat growers of western Canada, unfair to industry generally.

Mr. MacNICOL: Unfair to labour.

Mr. HOMUTH: They have no idea what labour is. One can easily understand a situation such as that when one realizes the set-up of the present cabinet. Perhaps one of the most remarkable things about our government is this. We have in it, I believe, eight lawyers, one newspaper publisher, one journalist, one university professor, three who are mentioned as farmers—one who was a school teacher who became a farmer; another used to be a farmer and since 1921 has been a very smart—I will not say statesman, shall I say politician?—and yet another who is no longer known as a farmer but is looked upon as a financier; I refer to the Minister of Finance (Mr. Dunning).

Mr. MacNICOL: He is the best of the lot.

Mr. HOMUTH: There are none more pleased than those engaged in industry that the Minister of Finance is back in his place in the house. I have no hesitation in saying that the one member of the government in whom the industrial workers and the heads of industry in this country feel they can have some confidence is the present Minister of Finance. But not one man belonging to that present cabinet has had any practical industrial experience. Not one man in that cabinet has had a close association with labour and knows what are the hours and conditions of labour. So one can easily understand why idealistic trade agreements are made with the United States and with Great Britain. It is not a policy of appeasement. The agreement was a business deal between Great Britain and the United States, with us in between, and as a result we are getting thoroughly squeezed.

I should have liked to deal at some length with the textile industry. I intend to go into that subject when the various items come up. But when we talk about the quotas which the United States give our primary producers in Canada, I should like to mention a few of

the quotas which are extended to other countries in which the standard of living is very low.

In 1937 Japan had 20 per cent of the cotton rayon bedspread business of Canada. In 1938 Japan had 72 per cent of that whole business, with the result that some of our industries could no longer produce any of these articles and had to close down. Of woollen textiles, 43 per cent of our total consumption was imported. As to worsted clothing, 65 per cent of the total consumed in Canada was imported.

An hon. MEMBER: Why?

Mr. HOMUTH: Why? Because this government is more concerned about industrial workers in other countries than it is about our own. In Japan the wage rate in the textile industry is from 2 to 2¾ cents an hour. Japan must import its raw products from the southern states or from Egypt. The price of the raw products is just the same laid down in Japan as it is laid down in any city of Canada. But their workers are paid about 2½ cents an hour. On the other hand there are codes in the Ontario law; we have to pay from 30 cents an hour upwards to our textile workers.

Mr. McDONALD (Pontiac): Did they pay that in 1935 and before that?

Mr. MARTIN: Do not answer relevant questions!

Mr. SPEAKER: Order.

Mr. HOMUTH: I may say this, that in all the time I have been engaged in industry I have found that ninety-nine per cent of our industrial heads are fair to their employees if they are given a chance by the government in power. If they are unfair to their employees this government could take action against them and see to it that they are fair. Again I say that if this government had handled the whole situation as between themselves and the various provinces as they should have done, in a spirit of cooperation and with a determination to do something worth while for Canada and for the industrial workers, we should have had by this time unemployment insurance and decent labour laws throughout the dominion.

I have not time to take up another subject,—

Mr. SPENCE: The hon. member has done very well.

Mr. HOMUTH: —but I do say this, that we are going to watch carefully and with considerable interest how various hon. members on the Liberal side of the house vote with regard to this trade treaty. We shall see whether they vote as their hearts dictate, or whether they vote as the Liberal whip dictates to them.

Mr. WILLIAM HAYHURST (Vegreville): Mr. Speaker, I have listened with a good deal of interest to the remarks of the hon. member for Waterloo South (Mr. Homuth). He is a distinct asset to the Conservative party; his exposition of Conservative ideas upon this subject was an able one.

The hon. member for Marquette (Mr. Glen), who preceded the hon. member for Waterloo South, said something about the Social Credit party. Let me tell him that the Alberta government is generally recognized as the best government in Canada. It is cognizant of the situation as it exists. Perhaps the criticism by the Right Hon. Oliver Stanley that some observations of his opponents were so much eyewash could be applied to certain hon. members who so inconsistently charge the Alberta government with inefficiency. That government has a policy of its own; it is developing in a new way the industries of the province. It is a characteristic of our party that it is always looking forward. On two occasions this afternoon we have heard questions about what happened in 1930 and even as far back as 1896. Apparently anything is good enough to conceal the urgencies of the present situation by references to what happened in the past. If anyone made an error in past years, it must be pointed to as something grievous and the party which made that error is deemed to be forever inimical to the welfare of the nation, although there is nothing we can do about it to-day.

I want hon. members to realize that our party is here as an independent group with our own ideas upon tariffs and economics generally. The hon. member for Marquette flippantly mentioned this afternoon what he called economic nationalism. I wonder if he is able to define that term. I have seen many definitions of it. I have seen also many definitions of democracy. I know that communists call themselves the real democrats, that fascists style themselves socialistic or socialist democrats, and that all the parties in this house term themselves democrats. It is difficult indeed to understand the real meaning of words which are so glibly uttered by some hon. members in dealing with subjects upon which they seem to know hardly anything. Thus, at this moment, I had to rise to defend the government of Alberta, because that government has, in its own way and without recourse to tariffs, done something to develop the industry of the province.

We, as a group, are in favour of this trade treaty, and in my constituency most of the

people, I am sure, are in favour of it. That group of people whom I have the honour to represent are probably the most cosmopolitan in Canada. Besides the native-born Canadians we have people from all parts of Europe. While this treaty probably contains features that are not so acceptable to us, it is on the whole acceptable because it introduces a fresh spirit of understanding between the great English-speaking nations of the world. We must develop a spirit of friendship with Britain on the one hand, and with the United States on the other. To-day people travel more than they have ever done in the history of the world, and this year it is a good thing that the government have brought forward this treaty. It seems that various factors are working together at this time to promote the welfare of the English-speaking nations and to develop a spirit of harmony among these peoples. I do not know whether it was planned or not, but at any rate we have the great fair in New York which will bring many citizens from Europe, and in Canada we have the royal visit, which will also bring from Europe and the United States a great many visitors; and these visitors will all, to a certain degree, benefit through these trade agreements by purchases in Canada.

There is no doubt in my mind that trade agreements create harmony between peoples. In so far as this agreement affects western Canada, the two items that are of most interest to my district are those dealing with cattle and dairy products. The Minister of Trade and Commerce (Mr. Euler) this afternoon mentioned some modifications with respect to cattle. I did not get clearly what he said, but I shall be able to read it in *Hansard* to-morrow. As regards cattle I find this statement in the press release. On cattle weighing 700 pounds or more each there is a maximum reduction of 1½ cents a pound, compared with two cents a pound under the 1935 trade agreement, and three cents a pound under the tariff act of 1930.

The new trade agreement provides that the maximum reduction in duty shall apply to 225,000 head imported in any one calendar year, of which not more than 60,000 head shall be imported during any one quarter of the calendar year. In other words, provision is made not only for a further reduction in duty by the maximum, but also for an increase in the annual quota to which the reduced duty applies of nearly 70,000 head over the quota provided for in the 1935 trade agreement. On calves the new trade agreement provides for the continuation of the reduced rate of 1½ cents per pound accorded in the 1935 trade agreement as compared with the tariff rate of 2½ cents per pound, but the tariff quota to which this reduced rate applies is increased from 51,933 head to 100,000 head in any one calendar year. The weight bracket to which the reduced rate applies is also increased from 175 to 200 pounds, any calves weighing less than this being eligible for importation under the concession in the trade agreement. On dairy cows the concession in the 1935 trade agreement of the maximum reduction to 1½ cents per pound is continued in the new trade agreement, but the quota limitation of 20,000 head in any one calendar year is abolished.

. . . .

The new trade agreement provides for the maximum reduction in duty to 3¼ cents per gallon, the quantity of milk to be admitted at the reduced rate to be 3,000,000 gallons in any one calendar year.

And there is a further reduction of four cents a pound on cheese.

The hon. member for Waterloo South said that more milk and cream was produced in his constituency than required. At the same time, I would point out, we need some markets for our products abroad. At present vast quantities of butter have accumulated on the Canadian market, and something should be done to relieve this congestion of dairy products. Farmers generally are desirous that something should be done to-day to have more butter consumed in Canada, and if a certain quantity of milk is diverted to other markets it will, of course, relieve the situation in regard to butter and cheese.

An hon. member last week said that we should play the game in this house, that nations should play the game with one another; and, of course, playing with other nations would cultivate a greater mutual respect. I admit that this is important, but we must exercise self-control in all things until it is reduced to a habit. We must take our losses as sportsmen, and if there are losses in the trade agreement, such as the six cents wheat preference in Britain, we should take them in a sporting spirit, realizing that the concessions cannot be all in our favour, that we must give some concessions in return. It is notable, in international trade, that nine-tenths of all our external trade was conducted last year with empire countries and with the United States. Much of the remainder was done with nations which are and always have been on friendly terms with this country. This, I think, proves that trade and goodwill among nations are reciprocal. No nation can live unto itself alone; we can induce other people to buy from us only by making it as easy as possible for them to sell to us.

During this debate we have heard much about the pride of the Liberal party in the achievements of Laurier and the pride of the Conservative party in those of Macdonald. A great deal has been said about the past. Well, we have threshed this old straw over and over again until we are sick and tired of

hearing anything about it, and now we must look for the wheat. We have been told that it is only by working harder and harder, and so increasing the size of the cake, that we can hope for a larger slice. Now that a large cake has been produced, we are told that we cannot eat it because it is too large.

Mr. HEAPS: Send it abroad.

Mr. HAYHURST: The hon. member for Winnipeg North (Mr. Heaps) says, "Send it abroad." Cannot we distribute it? The capacity to produce has been demonstrated, but the capacity to distribute our products within the country is not evident. Thus we have a state of misery for the producer and equally a state of misery for those who are not given an opportunity to produce. Each trading nation seems to be on the horns of this dilemma. I brought with me this afternoon The Case for Canadian Agriculture, by J. T. Hull, in which the author deals with the question of self-sufficiency. I quote:

In every country touched by western civilization this organization of agriculture is going on—land reforms, security of tenure, controlled marketing, credit facilities, import regulations and quotas, price guarantees and so, each taking its place according to national needs and national policies. This movement is, in the main, the product of the approach to national self-sufficiency which has curtailed world markets within the area of developed societies, although there are other factors which should not be overlooked. With respect to wheat this is the significance of these policies: In the five-year period 1919-24 Germany imported 36·5 per cent of her wheat requirements; in the period 1932-39 she imported 4·5 per cent. For France the figures are 11·7 per cent down to 3·1 per cent; for Italy, 22·3 per cent down to 6·6 per cent; for Austria, Czechoslovakia and Switzerland combined, 46·1 per cent down to 27·7 per cent; for Norway, Sweden and other three small countries combined, from 65·7 per cent to 25 per cent.

It is futile to rail against what is the natural and inevitable result of the advance of civilization. No reasonable argument can be made against the adoption by any country of policies designed to develop to the fullest possible extent its economic potentialities and increase the material well being of its people. It should be recognized, however, that there is a difference between a policy of economic efficiency and welfare, and one founded on fear or expansionist or insular ambitions. From the standpoint of welfare and the greatest enjoyment of the fruits of men's labour, no nation can be completely self sufficient, nor can it share in or maintain vital, cultural and social influences without contact and intercourse with the outside world. Thus the problem we have to face in this respect, is how to maintain, by consent, trading and economic relations so as to bring the greatest benefits to all without injury to any.

With this end in view negotiations were commenced between the farmers' organizations in Great Britain and the dominions, the result of which was the empire producers' conference, held in Sydney, Australia, in March, 1938. The decisions of that conference were embodied in several resolutions, six of which are mentioned here. The conference was attended by Sir Reginald Dorman-Smith, who is now the British Minister of Agriculture, and in that connection I should like to quote an interesting newspaper article:

In political and farming circles the appointment of Sir Reginald is taken to mean that the government's agricultural policy is likely to follow the lines of the proposals of price insurance which have already been made by the national farmers' union.

The political correspondent of the Yorkshire *Post* is responsible for the statement that the condition on which Sir Reginald Dorman-Smith accepted the post is that British farmers are to get an extra £15,000,000 a year from the state, this meaning that governmental financial assistance will be more than doubled.

It is believed that price insurance proposals will cover barley, oats, sugar beet, beef, sheep, pigs, milk and other dairy products, eggs and poultry. Wheat is already the subject of price insurance, the deficiencies being made up from levies on all flour milled in the country. There are also temporary existing schemes dealing with oats and barley, while beef is the object of a present subsidy.

I may add that if Great Britain really made an effort to become self-sufficient she could do so. It is now obvious that British agricultural policy is being increasingly directed towards greater production at home and the regulation of competitive imports. Canada is concerned primarily over the marketing of its surplus products. There apears to be a flaw in this system; it seems that we are unable to deal adequately with an economy of abundance. There seems to be something wrong between the production and the consumption of goods. Some nations are concerned over their food supplies because of the fear of war. Canada is concerned over the marketing of her surplus products. Whatever the situation, each country must improve its agriculture. In this country agriculture is the backbone of our industry.

Previously I mentioned something about cheese. It is significant that the production of hogs and cheese, two of our products which can be sold abroad, was considerably reduced last year. The gradings of hogs were down 670,000 head, and in western Canada alone the reduction was over half a million. All the time there was a great market for those hogs waiting in England, and I believe it is still waiting. This also applies to cheese. The Minister of Agriculture (Mr. Gardiner) has said a great deal about advertising Canadian cheese abroad, and it would be only natural to expect that cheese production would have increased.

The greatest criticism I have to offer in this connection is this: I believe we should have some kind of planned economy, and I think some sort of broadcasts should be supplied to our farmers in order to indicate where we are deficient in supplying the markets of the world, so that the farmers may be encouraged to produce those commodities which may be necessary in order to supply those deficiences. Perhaps then we would not have such tremendous surpluses of butter while there was a great demand for cheese. As the situation is now, with the production of cheese reduced, the production of butter has increased. We would suggest that some of the heads of the different departments broadcast from time to time statistics with regard to the quantity of cheese and butter on hand, in order that our farmers may know at the right time what commodities to produce. We fight over methods and neglect results. Under our present economy the farmer, like everyone else, is in business to make money. He makes his money by selling goods ,but he can make more money by selling fewer goods at higher prices. The trouble is that the farmer has no control over the price of the goods he sells. That price is fixed by the law of financial supply and demand, and is not based on cost. Why not? It should be based on cost plus a fair commission. That is why I suggest that some of our friends who speak so flippantly about economic nationalism should define that term and explain what they mean by it.

In my opinion, Mr. Speaker, the greatest fault of the present system is its wastefulness. We produce surpluses of many commodities, for which surpluses we must find markets. In many instances we find that because of unfair competition farmers are placed at a great disadvantage in marketing their products. Let us consider dairy products. The figures I have before me indicate that last year we imported over 14,000,000 gallons of various types of vegetable oils. Those oils compete directly with butter and other dairy products, and render the life of the dairy farmer more precarious.

I find that in 1938, 4,135,000 pounds of creamery butter were exported, while in 1937, 5,141,000 pounds were exported. In other words, we reduced our exports of butter. On the other hand, we increased our imports of butter. While in 1937, only 113,000 pounds of butter were imported, in 1938, there were 4,915,000 pounds imported. With a great mass of butter on hand in Canada we imported about forty-five times the amount which had been imported in the previous year. That seems ridiculous.

And so we have our farmers competing not only with imports of butter but also with those of vegetable oils from which margarine and other products used in some restaurants are made. I do not say they are used in the restaurants of Ottawa, but we know that some vegetable oil products, which take the place of animal products that should be sold in Canada, are used in practically all restaurants.

It seems to me we have to feed the whole world before we feed our own people. In securing markets the government should be sure of maintaining the standard of living of our people. It cannot be over-emphasized that the public interest, which stands above party, is best served only when the national resources are used in such a way as to obtain the greatest happiness for the greatest number of people. These trade agreements are only a beginning. While in their way they may be excellent, much more is required. Unbalanced economics must be restored to equilibrium. Closed economics must be reopened. By facing the issue calmly we may be assured of peace, and by mutual help and understanding we shall make Canada a great nation.

On various occasions we have heard about good government. We well remember that Sir Henry Campbell-Bannerman, a former Prime Minister of Great Britain, said that good government was no excuse for self-government. Therefore we must develop in our people the spirit of self-government, so that they will look into these affairs themselves. It is in that spirit that the group to which I belong favours the treaty. It may be a stepping-stone to more happiness and better things to come.

Mr. J. R. KIRK (Antigonish-Guysborough): Mr. Speaker, it is with the utmost confidence in the beneficial results that are certain to accrue to the people of Canada from the new trade treaty with the United States that I rise to make a few observations. At the outset I wish most strongly to commend and to congratulate the Prime Minister (Mr. Mackenzie King) and members of his government upon the splendid way in which they have, by various trade agreements, brought to still greater fruition the policy to which the Liberal party has pledged itself, year in and year out.

When in 1935 the Bennett-Manion government placed its future in the hands of the people, the cry of battle was met by the Liberal party with a well defined platform, calculated to assist the best interests of the dominion at large. And the electorate of Canada, having had full and plenty of Messrs. Bennett and Manion, returned Mr. Mackenzie

King with the largest majority of supporters any party has ever had in the House of Commons.

The making of a trade treaty with the United States is no new policy of the Liberal party. Although defeated on a trade treaty in the general election of 1911, the Liberal party still continued to believe their trade policy was right. Back in 1923 the following resolution was debated in the House of Commons:

That the governor in council may authorize any minister of the crown to enter into negotiations with any authorized representative of the government of the United States with a view to the making of a commercial agreement between the two countries, on terms which may be deemed mutually beneficial. Any agreement so made shall be subject to the approval of the parliament of Canada.

In the debate which preceded the adoption of the resolution the Right Hon. Mr. Meighen declared the continuing opposition by the Conservative party to a policy of reciprocity. Mr. Fielding, supporting the resolution, made the following declaration:

Hon. gentlemen of the Conservative party, so far as they permit themselves to be represented by my right hon. friend (Mr. Meighen) are against any trade treaty with the United States. In the name of the Liberal party of Canada, I declare to-day that we stand for reciprocity with the United States. I say that when the opportunity comes to make a fair treaty or agreement, and the agreement of 1911 was a fair and reasonable agreement, we are proud to declare in the face of the parliament of Canada, whatever the fate of it may be, that this Liberal party stands for reciprocity with the United States when we can get a fair and reasonable agreement. That is our position. We are content to let the people judge between the honourable gentlemen and ourselves on that point.

Comparing the foregoing with the present attitude of the Liberal party, we readily see that the Liberal party has not deviated from its belief in the beneficial results to be had from reciprocity.

It seems to me, Mr. Speaker, from listening during the last few days to speeches made by hon. members opposite on the trade agreement, that their policy is no different from that of their predecessors, namely "no truck or trade with the Yankees." It would be interesting to know just how the hon. member for Kootenay East (Mr. Stevens) feels about this agreement. I notice that at page 316 of *Hansard* for 1930, when he was Minister of Trade and Commerce in the Bennett government, and tariffs were being raised sky-high, he is reported to have said:

We are amending the tariff for the purpose of trying to reengage in the industries of Canada tens of thousands of honest Canadian citizens.

[Mr. Kirk.]

Again at page 318 he is reported as follows:

—that the right hon. gentleman who is Prime Minister—

That is Mr. Bennett.

—of this country to-day stands for a policy which has not had a trial in Canada for thirty-five years, a policy for the protection of Canadian industry. There has not been an opportunity up to the present time to give effect to that policy.

And again at page 319, he continued:

When these measures—

The new tariff.

—which are now in existence . . . are in full effect, they will provide work for some 30,000 to 50,000 industrialists in this country.

And at page 322 he continued:

Instead of quibbling about whether it is going to take the last of the 117,000 unemployed, we say that it will take the first 30,000 or 40,000 and therefore it is a worthy measure which should have the support of this house.

The same hon. member is reported to have written an open letter a few days later to his "fellow citizens." This letter, under date of October 4, 1930, is in part as follows:

Every year for the past few years, Canada has been importing $800,000,000 worth of merchandise that she might just as well have been producing from her own mines, or her own farms, or in her own factories. Some things, of course, like raw cotton and raw rubber, she must import. But making due allowance for such items the fact remains that $800,000,000 of her annual imports have been of a class or kind that she was quite capable of producing for herself. With the aid of statistics giving the annual value of Canadian factory production, and the number of persons employed therein, it requires little figuring to show that every $5,600 worth of goods turned out has meant a job for one person. Assuming that something close to that ratio would hold good as the average for all classes of products, it follows that were we to produce in Canada the $800,000,000 worth of merchandise that we have been importing unnecessarily, we would be giving employment to 147,527 workers more than are now employed, to say nothing of the thousands of others to whom employment would come indirectly, as a result of this new stimulus to business in general. Now do you see how true it is that were we all to practise a little intelligent discrimination in our daily buying, our unemployment problem would quickly and permanently disappear?

It will be seen from this letter that the hon. member attempted to explain in detail why and how the Canada-first tariff, enacted in September, 1930, would bring Canada's unemployed back to work. But I submit that time has proven that this policy of economic nationalism did not lessen unemployment, but on the contrary increased it. All of which proves that high tariffs increase unemployment. Apparently by 1932 the hon. gentleman

had a change of heart in regard to the matter of national policy, as is indicated by his remarks on the Canada-United States trade agreement of 1935. Supporting the trade agreement resolution before the house he made the following statement, to be found on page 723 of *Hansard* for 1936:

About 1932, in view of conditions that were developing the world over and the inhibitions against Canadian exports entering other countries, I felt that quotas, import restrictions, the raising of tariffs, what is commonly called a national spirit, which was so prevalent and is still so prevalent throughout the world, placed many obstacles in the way of our trade and in the way of trade generally. I felt it was highly desirable that Canada should study the trade relations between our country and the United States, and with that in mind I instructed the staff under me at the time to proceed to a study of the trade between the two countries, and to prepare in detail the items upon which without injury to ourselves and in all fairness to the United States we might offer some considerations for favourable trade.

The above is indeed a far cry from the economic nationalism which he had championed so ardently a few years previously. It is apparent that his leader, if consistent, will vote against the resolution, because referring to the possible results of the treaty, he said, as reported on page 1066 of *Hansard* of this year:

Time alone will tell, but my belief is that the ill effects will be very much greater than the good effects.

Certainly no one would vote against his own better judgment. The question in many minds is: What will be the position taken by our chameleon friend, the hon. member for Kootenay East.

I should like to deal for a moment with some of the remarks made by the Prime Minister (Mr. Mackenzie King), which were referred to later by the hon. leader of the opposition (Mr. Manion). At page 912 of *Hansard* the hon. leader of the opposition is reported as follows:

I do not want to puncture the bubble the right hon. gentleman has been blowing, but at the same time I do not think it is necessary to get quite so much excited about the marvellous peace treaty which has been negotiated by the right hon. gentleman to keep the United States and Canada and the United States and Great Britain from going to war.

And again at page 1050 of *Hansard* the leader of the opposition is reported as saying:

The right hon. gentleman talked as if this was not a trade treaty but a peace treaty. As I listened to him, I thought he spoke, as if we had just been engaged in a spectacular war with some great nation and had won a glorious victory;

And again:

He spoke as if we had won some great victory, and yet, as I pointed out the other night, not since 1812, a period of over a hundred years, have we had any differences of a serious nature with the United States, and certainly since the beginning of the century there have been no differences between Great Britain and the United States.

What the right hon. Prime Minister did say and to which the hon. leader of the opposition took exception is to be found on page 910 of *Hansard*:

Once again we have played the part of reconciling and interpreting the two great English-speaking nations to each other. The making of these agreements, especially when the world situation is so precarious as it unfortunately is, is an achievement of superlative importance, which will have its repercussions throughout the world in the next generation. In the present, each of us sleeps more safely in his bed because of the rapproachement between the world's two greatest democracies, a rapproachement that could not have been effected without the assent and the cooperation of Canada. If this administration were to end to-morrow, it would have its honourable place in world history on this score alone. That is the broad fact of the present situation. Like Canning, we have done our indispensable part to call into existence a "new world to redress the balance of the old."

And again at page 911:

The trade agreements concluded between Canada and the United States, and Great Britain and the United States constitute the one outstanding contribution of our times toward economic disarmament. As such, they have immeasurably helped to create a basic situation more favourable to peaceful relations between nations . . . It is deeply gratifying to the government that . . . we were able to further not only the ends of commerce and trade but the all important ends of international goodwill.

At the imperial conference of 1937, the representatives of the several governments concerned had under review the possibility of reviving confidence and increasing the stability of economic and financial conditions in the world, a process which they considered essential to the prosperity of individual countries as well as to international peace. In order to assist in furthering this end, they declared themselves ready to cooperate with other nations in examining current difficulties, including trade barriers and other obstacles to the increase of international trade and the improvement of the general standard of living. The imperial conference also declared:

The outstanding feature of the discussion was the emphatic desire expressed by the representatives of every part of the British commonwealth represented at the conference, that all practicable steps should be taken to secure the stimulation of international trade. It was recognized that in the last resort, the prosperity

of the countries of the commonwealth depends on that of the world as a whole, and that a healthy growth of international trade, accompanied by an improvement in the general standard of living, is an essential step to political appeasement.

Surely the above declaration will convince even the most doubtful that there is a close connection between international trade and international peace. The trend of the speeches of the opposition has been to create a feeling of gloom as to Canada's future. Might I suggest at this point that it would be well for them to try to inspire the people with a spirit of confidence in their country. The Hon. Colonel J. L. Ralston some time ago, in an address to the presidents of the life insurance companies of America, stated, "Confidence feeds on confidence." Might it not be to the better advantage of Canada for these gloom-mongers to change their line of talk in keeping with the above, and thus do their part to promote confidence in Canada's economic future?

I should like to turn now to a consideration of what this treaty will mean to our people. Members from other sections of the country have already indicated the benefits that will accrue to the people in their respective districts. My remarks will be more or less confined to the benefits that the maritime provinces will derive from this agreement. I shall deal first with our export trade, consisting in great part of fish, lumber, potatoes, apples and foxes. I shall not take up the time of the house in discussing the latter four items because the hon. Minister of National Revenue (Mr. Ilsley), in his speech the other afternoon, dealt very effectively with the apple industry, and other hon. members from the maritimes have shown the likely improvements in the lumber, potato and fox industries.

But I might say in passing that at the annual meeting of the councillors of the municipality of Antigonish, a resolution was passed offering free to young men, farms which belonged to the municipality, the only condition being that these young men should operate the farms and pay the taxes for five years, after which time they would be given the deeds of the property. I learn from the municipal clerk that this offer has attracted many applicants from various parts of the province who are anxious to start out for themselves in the farming industry. I suggest that the government should make it as easy as possible for these young farmers to get government loans to help them stock and equip these farms, thus putting themselves in a position to take advantage of the benefits of the trade treaty.

I am lately in receipt of a copy of a resolution of protest passed by the Antigonish county farmers' association based on an intimation they received of a sales tax about to be imposed by the government on certain materials used in making balanced rations for poultry and live stock. But on inquiry I was glad to learn from the Minister of National Revenue that such is not the case, that there has never been any intention on the part of the government to impose such a tax. At this point, I should like to say that I was pleased to note that the government was able to reduce the duty on corn, a reduction which will represent an immense saving to our farmers.

Referring to the fishing industry, with the kind permission of the house I wish to put on *Hansard* a statement indicating the benefits which the fishermen of the maritimes will derive from the new trade agreement, based on the quantities of fish shipped to the United States in 1936 and 1937. This statement includes only fish known to have been produced and shipped from Atlantic coast waters, and does not take into consideration salmon, halibut and tuna, which would considerably increase the given figures, but for these items figures separate from Pacific coast shipments were not available. My object in preparing this statement is to show in definite figures the extra amounts which the fishermen would have enjoyed in those years had the present treaty duties been in effect. In 1936 this amount was $221,738.61, and in 1937, $184,-076.46, money which would have represented a great boon to maritime fishermen. Estimating that the shipments of these classes of fish for the present year will even approximate those of either 1936 or 1937, we can easily see what a benefit the fishermen will derive, and I think it is quite safe to say that with this added impetus the fish export business will increase materially over the figures for either of the given years.

But our maritime fishermen, whose gear has been seriously destroyed in the recent storms, will need some real government assistance to repair and replace their losses, and thus enable them to carry on the fishing business in a worth while way, so that they will be in a position to avail themselves of the benefits indicated in the treaty.

The benefits which the consumer will receive from this trade agreement must not be overlooked. Many articles of every-day use, such as foodstuffs, clothing, et cetera, will be reduced in price, thereby tending to lower the cost of living. The producer also will benefit from the lower prices he will have to pay for articles of production—fishermen's

supplies, dairy and horticultural machinery, fertilizers, et cetera. Personally, Mr. Speaker, I think this government deserves great credit for being able to consummate an agreement such as this presently being discussed without having made any concessions on coal, which means a great deal not only to the miners in the maritimes, but to those interested in many other branches of industry, such as the farmer, fisherman, lumberman, manufacturer, railroad man and others.

To put our people of the maritimes in a position to take advantage of the benefits of this trade agreement there are suggestions I should like to make to the government. I believe there should be a revision of the freight rates. From a recent issue of the Halifax *Chronicle* I learn that Mr. Rand H. Matheson, manager of the maritime transportation commission, told an Amherst audience that a revision of our freight rates is essential to meet changing conditions in transportation, as well as to establish a complete parity with rates granted certain types of freight in upper Canada.

While on the subject of transportation, I wish to draw to the attention of the Minister of Transport (Mr. Howe) and the other members of the government, a most unfortunate situation existing in my constituency. In Guysborough county there are thousands of acres of standing timber that cannot be cut and put on the market for the very simple reason that we have no means of transporting it.

Mr. BAKER: On a point of order, Mr. Speaker, would the hon. member tell us what authority he is quoting, or what he is reading from?

Mr. MARTIN: He is referring to his notes.

Mr. EULER: He is not establishing any precedent anyhow.

Mr. KIRK: As many hon. members probably know, there is a limited distance in which lumber can be hauled profitably with teams, also a limited distance in which it can be hauled by auto truck, which means that there remain only two profitable methods of transportation, namely, rail and water. In this instance the haul to the waterfront is too long, and we have no railroad. The construction of what was known as the Guysborough railway was started in 1929 by the then government, under the leadership of the present Prime Minister. But after several millions had already been spent on the construction of the railway, and although there was a great number of unemployed in the country at the time, the government which succeeded my right hon. leader's government in 1930 issued instructions that the work on the railway should be stopped. To those, of course, who know the political record of the constituency, the reason for such an order is quite obvious. I hope, however, it is not the intention of this present government, again under the leadership of my right hon. leader, to allow the money that has already been spent on this project to be entirely lost. In this connection may I quote from an editorial which appeared some months ago in *The Eastern Chronicle,* a newspaper published in Nova Scotia, headed "Guysborough railway":

> No sadder picture can be imagined than to drive through that country and note the political ruins of that enterprise. The grading has been completed and is now growing grass. The right-of-way belongs to the government, having been purchased and paid for. The concrete abutments for bridges are in place. All seems ready for the ties, rails, steel bridges and the station houses and platforms. As it stands to-day, it is a travesty upon the viciousness of party politics. For half a century the road has figured in public debates and in 1910 a contract was let and a change of government cancelled it.

Mr. DEPUTY SPEAKER: I regret to interrupt the hon. member, but he is out of order, and I would ask him to confine his remarks to the trade treaty.

Mr. KIRK: I am trying, Mr. Speaker, to show the necessity of building a railroad in that territory, so that its products can be transported and get the benefit of this trade treaty.

Mr. ROWE (Dufferin-Simcoe): The point of order is well rail-roaded.

Mr. STEVENS: The railroad is probably included in the $112,000,000.

Mr. KIRK: I continue with the quotation from *The Eastern Chronicle:*

> In 1926 negotiations for its construction were again resumed and a contract let to the Dominion Construction Company. Actual work was undertaken and the present state of the road reached, when a change of government took place in 1930, when there developed the most callous instance of political rancour ever displayed. The work was immediately abandoned. The steel for rails and bridges assembled on cars at Stellarton were distributed elsewhere and people of that long-suffering county made to suffer for their political sins. It was rabid Toryism run wild.
>
> The need for this railway was just as evident in 1930 as it was in 1926. The need is just as evident to-day. If the Liberal government of 1926 was justified in starting the work, as it was, that same justification exists to-day.
>
> Might we point out several pertinent things with respect to the Guysborough railway. It is intended to tap a county that has no other

railway connection. It is the great unspoiled and undeveloped county of the maritimes. Guysborough county possesses a potential fishery wealth such as no other stretch of coast line in Canada, but alas, those sturdy fishermen of that coastal county have no means of transportation by which to market the product of the sea that comes in such great quantities to its shore.

Again Guysborough county has a great lumber wealth. This is evident by the use made in that regard of the first ten miles from Sunny Brae, where the projected road contacted the established railway. On this ten miles, rails were laid during construction and have been maintained in semi-fashion since for the movement of lumber freight. This information is furnished by one who should know, and is to the effect that upon that short section of rough road there originated more freight than on any like branch in the Canadian National railway system.

Another important item at this juncture in unemployment would be the completion of the railway. The rails and bridges would give direct employment to the steel workers—both manufacturing and fabricating. The ties and the station houses would employ lumber from our own woods. In fact, the completion of the road would call for, first, the utilization of our natural products; and, second, the employment of local labour.

The prospects of this road are not to be overlooked. Tapping as it will the great fishery resources, should bring to its support the Minister of Fisheries. The agricultural possibilities are in keeping with that reached by any maritime road. The magnificent St. Mary's valleys are an instance. Although now miles away from the rails they are productive and prosperous, and, had they transport connection, their wealth could be enormously increased. The region through which the railway projects is a sportsman's paradise and can be developed into a holiday seeker's mecca.

These arguments are old and oft repeated, but the repetition has not detracted from their truth, as a true story cannot die of old age.

But over all is the necessity of keeping faith with the people of Guysborough county. They have been falsely and traitorously dealt with. They have been made a cat's paw of a Tory majority in Ontario or some other section, and such wretched intolerance should not be permitted to obtain.

I want to tell members of this house, and especially the Minister of Labour (Mr. Rogers), the Minister of Transport, and their colleagues, that this section of Canada needs a railway to open up and develop this territory which can be developed in no other way. Lumber, farming, fishing and mining would all benefit, and the development of these industries naturally would mean employment—a livelihood for many of our people, which in turn would mean greater liquid wealth which would undoubtedly help the railroads, steamship companies, manufacturers and many others. I cannot urge too strongly on the members of this government the great possibilities that exist for the development of the natural resources of Guysborough, if this railway is completed. The hardwood areas alone are something that, within ten years, are going to be of inestimable value. I might remind the ministers that there is still considerable unemployment in our country, although we do not hear so much about it as in some sections, because our people are the type who tighten up their belts, so to speak, and endure with patience all manner of hardships and suffering before resorting to relief.

Mr. MANION: They have to, under this government.

Mr. KIRK: And they had to do plenty of it between 1930 and 1935. This unemployment situation is just one more reason why I implore this government to complete the construction of the Guysborough railroad as soon as possible.

Before concluding my remarks, I wish to refer to the Saint Francis Xavier university extension movement which has for some years been cooperating with the various departments of government. Their activities are many and varied, and there is no doubt that they are assisting our primary producers in a way that will help them to profit to an even greater extent from the trade treaty.

In conclusion, Mr. Speaker, I cannot agree with the remarks of my friend the hon. member for Humboldt (Mr. Fleming), who thinks that the government should not go to the country this year. On the contrary, my opinion is that the record of the Mackenzie King government is such that they can go to the country at any time and receive a mandate from the people to continue to carry on their good work.

Mr. ROWE (Dufferin-Simcoe): They will get the same result, no matter when they go.

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, to-day I propose to discuss this Canada-United States trade agreement, and the concessions which have been made by Canada under the United Kingdom-Canada agreement, from the point of view of those Canadians who live on the Pacific slope, the people of British Columbia—that great province which is rapidly becoming the third province in Canada in population, but is furthest from the centre of Canada, and with problems so different from the rest of Canada—problems which we feel are often so little understood by the other Canadians. Incidentally, no individuals could do more than members of this house to help in the understanding of our problems. They are all in a

position of influence, and they all have free transportation, both for themselves and for their families. I suggest to them that during the coming summer those who have not been to the Pacific coast should visit our province. Hon. members on the other side may not have an opportunity to do so under the same favourable conditions next year. We shall be very glad to have them with us before the unhappy event. That invitation is extended particularly to the Prime Minister (Mr. Mackenzie King) and to the senior members of his cabinet, who have been conspicuous by their absence from British Columbia since the election campaign of four years ago.

Mr. LAPOINTE (Quebec East): We have been too busy here.

Mr. GREEN: To understand the effect of this agreement and of these concessions on British Columbia, one must bear in mind two facts, which I should like to stress. First, British Columbia is primarily a lumber province, with the bulk of the lumbering done in the coast region, where we have the famous Douglas fir. The second fact which should be borne in mind is that the neighbouring states of Washington and Oregon are also on the Pacific slope, and that they occupy much the same position in the United States as British Columbia occupies in Canada, producing much the same products and giving us the stiffest kind of competition, for example, in lumbering, fruit growing and fishing. These two states have a much larger population than British Columbia, and their people have much more capital behind them than our people. Also they have in the other states of the union a much larger home market than British Columbia has in the other provinces of this dominion.

It so happens that lumbering and fruit growing are the two industries in our province which are most affected by this United States agreement and by the concessions Canada has made under the United Kingdom agreement. The hon. member for Yale (Mr. Stirling) has dealt with the fruit growing industry, and I do not intend to deal with it to-day, but I do propose to deal with the industry of lumbering, which is our greatest and most important industry.

I am glad to be able to do so, because the government can do something further for the lumber industry, whereas it cannot do anything for any other industry. A discussion on lumbering is not purely academic, as it is with respect to other Canadian industries. I say this because under the Canada-United States agreement lumber, and lumber alone, is dealt with in two stages, the first stage coming into force with the rest of the treaty on January 1 of this year, the second stage coming into force only if, as and when the United States sees fit to remove its import excise tax of $1.50 per thousand feet board measure. In other words, the bargain on lumber is not yet concluded, although this government have put Canada in the weak position of binding herself in advance to make further great concessions in lumber if the United States chooses to bring in the second stage by dropping its import excise tax.

Incidentally, the United States is not bound to drop that excise tax; it is not bound to bring in the second stage of the lumber bargain. But I do suggest that the government's job on lumber is only half done, and I urge upon them at once to bring all possible pressure to bear on the United States not to renew this import excise tax when it expires at the end of June of this year. I urge that because the first stage of the lumber bargain is all one-sided, and unless this second stage is brought into force the agreement will have been most unfair to the lumber industry; certainly there will have been a great injustice done to the thousands of people engaged in that industry in British Columbia, to thousands of others engaged in dependent industries, and, in fact, to people in almost every walk of life in our province.

That brings me to a consideration of just what this stage of the lumber bargain is. But as a background, and so that the real effects of this Canada-United States agreement and the concessions Canada has made under the Canada-United Kingdom agreement may be clearly seen, I should like to sketch roughly the history of the lumbering industry in the coast area of British Columbia during the last decade. I deal with that area alone because while there is lumbering done in other parts of the province, the industry is largely centred in the wet belt which is known as the coast area.

The story of lumber in that area for the past ten years is quite a romantic tale. In 1929, just ten years ago, that area sold approximately 1,040,000,000 feet board measure of lumber in Canada, in our home market, the best market any industry can have. We sold a little more than half that amount, namely 540,000,000 board feet, in the United States. In the United States market we had free entry—no duty, no excise tax. We had had free entry since 1913. We sold only 70,000,000 feet to the United Kingdom where at that time, of course, we had no preference, and we sold, including the 70,000,000 feet to Great Britain, a total of 160,000,000 feet tc

the empire. In addition, we sold 240,000,000 feet to foreign lands, principally Japan and China.

I propose to say nothing further about the home market, except that it fell with the depression and has risen again until in 1937 it was about 565,000,000 feet; or about the foreign market, except that it has gone on much the same as in 1929, now up, now down; at the present time it is below 100,000,000 feet, largely because of the trouble in Asia.

I deal particularly with our markets in the United States, the United Kingdom and the British empire. In 1930 the United States passed the Hawley-Smoot tariff, the highest, I believe, in the modern history of the United States. That tariff imposed a duty of $1 per thousand feet against Canadian lumber, with the result that in 1931 our sales to the United States had dropped by about one-half, while our sales to the empire remained about the same. Not content with the Hawley-Smoot tariff the United States in 1932 passed a Revenue Act, which imposed an import excise tax of $3 per thousand feet, making a hurdle of $4 per thousand feet to be overcome by our lumber going into the United States. That hurdle was prohibitive.

Hon. members should bear in mind at all times that this business of raising high levies, this business of stopping trade, was started not by Canada but by the United States. Our lumber market was placed in such a position by this hurdle of $4 per thousand feet that a substitute market simply had to be found, and fortunately the Bennett government were able to negotiate in 1932 the empire agreements which gave us, generally speaking, a preference of ten per cent. As a result of these two moves—the United States raising its levies and Great Britain and other parts of the empire giving us a preference—in 1933 British Columbia sold in the United States only 30,000,000 feet as against over 540,000,000 feet in 1929; but despite the depression, our sales to Great Britain went up from 70,000,000 feet in 1929 to 270,000,000 feet in 1933, having increased about four times, and our sales to the empire rose from 160,000,000 feet in 1929 to 430,000,000 feet in 1933. By 1935 our sales to the United States were up to 95,000,000 feet, still very low, while our sales to the United Kingdom were 455,000,000 feet, and to the empire, 635,000,000 feet. The empire trade was steadily increasing.

In the fall of 1935 this government came into office and negotiated the Canada-United States agreement, which cut in half the duty and import excise tax, totalling $4 per thousand feet, subject to a quota of 250,000,000 feet in any one year for Douglas fir and western hemlock, which are the two types of lumber we produce in the largest quantities. That first Canada-United States agreement has been a great disappointment to the lumber industry of British Columbia. In the years following the negotiation of the treaty Canada has never been able to sell the quota. The nearest approach was in 1938 when we sold approximately 170,000,000 feet, or about seventy per cent. But on the other side of the picture our sales to the United Kingdom have climbed and climbed until in 1938 we sold to Great Britain 740,000,000 feet—more lumber than we have ever sold to the United States in one year. To the empire as a whole we sold last year 960,000,000 feet, quite an increase from 160,000,000 feet in 1929—all as a direct result of the preference given us by the empire trade agreements.

Now this present government boast of increasing export trade. They boast of the great treaties they have negotiated, but they never have achieved anything like the empire agreements, and I do not believe they ever will. If they ever did achieve agreements of that type, we would be kept here for five years hearing all the talk about the wonderful things that had been done.

Mr. HANSON: May I ask a question?

Mr. GREEN: Ask it after dinner. The United States sums up the situation very clearly in its press release dealing with the United Kingdom agreement. At page 36 we find:

> The position with regard to a number of important individual products is even more unsatisfactory than that with regard to the wood group as a whole, since there has been, as a result of the import duties, a very serious diversion of the trade from the United States to empire countries in several products, notably Douglas fir and certain other softwood lumber, plywood, and doors. In the case of doors, the United Kingdom had taken—

"Had" taken, mark you.

> —as high as 94 per cent of the United States total annual exports, but the increase in 1935 in the duty to 2s. 6d. per door has almost eliminated American competition. One of the major objectives of the present trade agreement has been, therefore—

This is the United States speaking.

> —to restore as far as possible the competitive position of the United States as a supplier of these products which have been so seriously affected by empire preference in the United Kingdom.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

QUEBEC RAILWAY, LIGHT AND POWER COMPANY

The house in committee on Bill No. 8, respecting the Quebec Railway, Light and Power Company—Mr. Parent (Quebec West and South)—Mr. Sanderson in the chair.

On section 1—Declaratory.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Chairman, I find that this is bad legislation.

The CHAIRMAN: I must inform the committee that this section was amended in committee.

Mr. POULIOT: I know that very well; I was there when it was amended, and I will express my view about the amendment, which makes the bill more unsound legally.

Mr. STEVENS: Might we have the amendment read? I think it is the custom.

The CHAIRMAN: The following is to be added to subsection 2:

Subject to all provincial and municipal enactments in respect to highways and motor vehicles operated thereon, and applicable thereto.

Mr. POULIOT: Thank you, sir. The story behind this bill is that in the year of grace 1925 the city of Quebec entered into a contract with the Quebec Light, Heat and Power Company, or the Quebec Railway Company, by virtue of which an exclusive thirty year franchise was granted by the city for trolley car operation.

Mr. STEVENS: What was the date of the contract?

Mr. POULIOT: It was granted in 1925, so the thirty year franchise would extend to the year of grace 1955.

Mr. STEVENS: That was between the city of Quebec and the company?

Mr. POULIOT: Yes. Last fall another agreement was entered into in order that the same exclusive franchise might include the operation of buses until the year of grace 1955. The bill is interesting, but the bad part of it is still more interesting. I am strongly opposed to any exclusive franchise. I am for competition. I know it is pretty hard to have street railway competition in a city like Quebec because it might turn out as badly as it did in Detroit; they might become bankrupt. A certain privilege is required for the construction of railway lines on the streets of a city, but when it comes to the operation of a bus service the situation is entirely different. In the first place, I do not see why this company should have an exclusive franchise for the operation of buses within the city of Quebec. I would ask hon. members to read the explanatory note, which contains the words "in and in the neighbourhood of the city of Quebec." What is the neighbourhood of the city of Quebec? Does it extend to Rivière du Loup, which is 120 miles away?

Mr. PARENT (Quebec West and South): Oh, no.

Mr. POULIOT: Just a moment; my hon. friend may answer my questions in due course. I want to know; I do not want "no." It may come as far west of Quebec as the beautiful Gatineau hills. Then these people of the Quebec Railway Company will take advantage of this legislation to say, "we have an enactment of the dominion parliament granting us a franchise. Therefore all you other owners of buses get down into the ditch when we pass along. We are masters of the highway." I am not for this legislation, I am all against it.

Mr. BLACKMORE: Hear, hear.

Mr. POULIOT: I thank my hon. friend for saying "hear, hear." There are some members of this committee who are opposed to all exclusive franchises, some of whom spoke on behalf of this bill in committee the other day. But I will not insist on that any longer. My first point is that the granting of any exclusive privileges is against all principles of Liberalism, and I am strongly opposed to it.

Mr. MANION: Is that not a strange reason, coming from that side of the house?

Mr. POULIOT: Well, if my eyes do not deceive me, this bill comes from that side of the house. But I hope to make conversions by explaining my point of view. There is something else. If there is an exclusive franchise there must be some control of rates. Will that control be exercised by the public utilities commission of the province of Quebec or by the transport board that we have here in Ottawa? We are facing a dilemma. We are told that the company has a federal charter, which it obtained some forty years ago in order to secure a federal subsidy. Since then, however, most of their legislation has been provincial; many times the city of Quebec has made agreements with

this company, which agreements have been sanctioned by provincial legislation. That is known to everyone who is fond of reading provincial statutes. Who will exercise control in connection with rates? Will it be the public utilities commission of Quebec or will it be the federal transport board? It will be neither. This legislation is hybrid; it is illegitimate. If we had no lady members of this house I would use other and possibly stronger expressions.

Mr. WOODSWORTH: I am not asking what those expressions may be, but I really should like to understand why this company will not come under either provincial or federal control with regard to rates.

Mr. POULIOT: My hon. friend, who has been a professor of philosophy, knows very well that the first part of a discussion is the status quaestionis, the statement of the question, and afterwards we make due distinctions. I hope my hon. friend will not ask me to define the Quebec utilities commission or the federal transport board, which he understands very well, I am sure, as all members of the committee do.

Mr. WOODSWORTH: If I understood the hon. member aright, he said the control over rates would not come under either body, and I do not understand that statement.

Mr. POULIOT: I thank my hon. friend for his question, and I hope that by explaining the matter clearly I may bring him to agree with me. The chairman of the transport board has expressed himself clearly in regard to the operation of buses; this matter does not come under the transport board except perhaps—he was not sure of that—in the case of bus companies operating between two provinces or between one province and a foreign country such as the United States. His doubt was on this ground, that at first the railway commision was appointed to study and decide upon railway lines and railway questions. Later, its powers were extended, but not to include bus companies operating only within a province. That is the point. And by stating in the explanatory note to the bill that the bus company is operating within the limits and in the neighbourhood of the city of Quebec, we are to presume that the operations will not be outside the province of Quebec.

Moreover, the company cannot come under the jurisdiction of the transport board, unless it is stated that the buses will operate between two provinces, or between one province and a foreign country. That is an important point. Therefore it is beyond doubt that the transport board has no authority whatever over the rates on the buses which will be operated by the company within the city of Quebec or in the neighbourhood of that city, whatever that neighbourhood may include. If I have not made myself clear on this point, I would suggest that hon. members ask me to be more precise. That, however, is the first point.

Then there was an amendment which made the bill still worse. Our contention was that this parliament has no authority whatever upon the operation of buses, because they come under provincial jurisdiction entirely. The provinces impose licences on buses, and we have no authority whatever, because they use the king's highway for their operations and, according to the law and according to the general understanding, we have nothing whatever to do with buses.

Although I am not sure, because I had occasion to leave the committee for a few moments, I believe an amendment was suggested by the legal representative of the Department of Transport. He suggested an addition to the bill whereby it should be subject to all provincial and municipal regulations. As hon. members know very well, this parliament has no authority whatever with regard to municipal matters. All those things come under the exclusive jurisdiction of provincial legislatures; everyone knows that. Therefore, if there is an appendix to the bill to the effect that the whole matter will be subject to provincial and municipal regulations, there is the implication that it cannot be subject to the regulations of the transport board. It would come only under provincial jurisdiction, and therefore we would have no jurisdiction at all to include buses in the powers granted to the company.

If hon. members were to take the trouble to read section 8 of chapter 59 of the statutes of 1895, they would find the following in the explanatory note:

> The company may use and employ for locomotion and propulsion of its cars, vehicles and rolling stock, where such power is required, electricity in all its forms, steam and any approved mechanical power or other means, agency or force for such purpose that science or invention may develop, and shall have all rights, powers, privileges—

And so on. We will notice the expression "electricity in all its forms, steam and any approved mechanical power or other means, agency or force for such purpose that science or invention may develop." They already have the power to operate any kind of vehicles, including buses or steam engines. But they come here to ask us for some privileged federal legislation, and I am opposed to it.

They say a serious doubt was expressed by all concerned—referring to the authority of the board of transport—which I denied, of course. No learned counsel appearing for the company or for the city of Quebec dared to affirm or to state that the board of transport had any authority to fix rates.

Mr. HEAPS: What would my hon. friend offer in place of this bill? What would he substitute?

Mr. POULIOT: I would substitute nothing, because I assume I would suggest the withdrawal of the bill. This is none of our business. We are here asked to ratify a private agreement between a railway company and the city of Quebec; that is what is behind the bill. Before that, when the same thing occurred, the company and the city of Quebec went to the legislature to have their agreements confirmed. Now for the first time they come before the federal parliament and ask us to do what was done before by the Quebec legislature, namely to confirm a private agreement. We have nothing whatever to do with it.

If the travelling public go to the board of transport they will be told by the chairman and the learned commissioners that they have nothing to do with it, because they have no control whatever over bus services, and that it is a provincial matter. If the company is brought before the public utilities commission of the province of Quebec, it will argue that that body has no authority. The company will say, "our power to operate buses has been granted to us by the dominion parliament; therefore we deny the jurisdiction of the Quebec utilities commission." Then the people of the province of Quebec will complain about the high rates imposed upon them by the company, with the assent of the city of Quebec—which does not make it any better. The people will have to incur heavy expenditures to have writs of certiorari, and so on, to bring the matter before another court, if they can. They will be in a muddle of procedure—and in the meantime they will be paying high rates to travel on those buses. That is one point.

Every member of the committee knows very well that the private legislation passed by any provincial legislature, and by the dominion parliament as well, is a shameful queue to the statute books of the country. There are very few pieces of private legislation which can stand. Nearly every piece of private legislation is pure rot, and this time the Quebec Railway Company comes, with the assent of the city of Quebec, to secure from this dominion parliament an exclusive franchise—under disguise. And in virtue of that amphibious legislation, when the people of the city of Quebec and the surrounding neighbourhood —which might be the whole province, because no one knows the ambitions of the president of the Quebec Railway Company, and his associates—

Mr. COLDWELL: Who is the president?

Mr. POULIOT: I assume it is Julian C. Smith. When those people desire to extend the operation of the bus company to all boundaries of the province of Quebec, and whenever a man, or two men, or ten men, or scores, or hundreds of men complain of the high rates imposed upon them by the company, they will go to the board of transport, where they will be told that there is no jurisdiction and that they should go to the Quebec utilities commission. If they follow that advice, they will apply to the Quebec utilities commission, but they will be told by that commission that they have no jurisdiction. That commission will contend that, as the company is operating under a federal bill giving it the power to operate buses, they can do nothing and the people must suffer an injustice. The people will then curse the dominion parliament and will write to the hon. members who voted for this bill. They will be told they were wrong in thinking the bill was innocuous, that it covered simply an agreement between the city and the railway company.

Mr. HANSON: Would not the amendment submitted by the Department of Transport and accepted by the committee protect the government and the city of Quebec? I did not understand it thoroughly, but that amendment was accepted unanimously in the committee.

Mr. POULIOT: I am just coming to that point. A learned counsel of the department, who is just as familiar with the law as I am with astronomy—it is a very dark night to-night—approved that amendment. What power do we have to state in our legislation that it shall be subject to provincial or municipal regulation?

Mr. HANSON: The amendment protects the provincial rights.

Mr. POULIOT: No. My hon. friend is good enough to listen to my argument, and I want to try to satisfy his mind entirely. This parliament has exclusive jurisdiction in certain matters, and the provincial legislatures have exclusive jurisdiction in other matters. I

think my hon. friend will agree with me on that. If we have jurisdiction to pass legislation giving the railway company the right to operate buses, then we also have the right to regulate the rates to be charged on those buses.

Mr. HANSON: If it does not interfere with provincial rights.

Mr. POULIOT: No. I want my hon. friend to listen to me. I have not finished, but I am on the eve of finishing my remarks. If we have jurisdiction to grant to the railway company the right to operate buses, then we also have the right to regulate the rates charged for travel on those buses. That is clear and evident. If, for the sake of appearance, we add the words "subject to provincial and municipal regulation," that means that the provincial and municipal regulations are intra vires of the province and the municipality and we have no right whatever.

Mr. HANSON: I do not think the committee had any jurisdiction to decide what are provincial and federal rights. They were just considering a bill, and an amendment was accepted to provide that we should not interfere with provincial rights.

Mr. POULIOT: I was there when the vote was called, and I said "on division." I did not want to hold the bill in committee; I wanted it to come to the house. I am explaining this as clearly as I can. If the provinces have power to make regulations as to rates, then we have none. If we have the power, they have none.

Mr. HANSON: That is not for the committee to decide.

Mr. POULIOT: The committee of the whole can decide whatever it wants to. I am here to express my views, and I shall express them. It takes some time to understand a legal question of this kind, but the more complicated it is, the more interesting it is. Why have we to rely upon provincial authority for regulations in this matter? If we have no authority, what is the use of passing vague legislation like this to deceive the people and to embarrass all concerned? The people in Quebec are bound to use these buses because there is no competition. There is bound to be plenty of trouble because the company will rely upon the fact that there is no jurisdiction in the board of transport or the Quebec utilities commission to deal with complaints about rates. I would thank the sponsor of this bill to give us a little more explanation about the matter.

[Mr. Pouliot.]

Mr. CHARLES PARENT (Quebec West and South): Mr. Chairman, I have listened with great interest to the remarks of the hon. member for Témiscouata (Mr. Pouliot). First of all, let me assure him that it is not our intention to operate autobuses in his constituency. All we are asking by this bill is the right to clarify a certain clause in the original charter granted in 1895. At that time there were no buses and no one had foreseen this new method of transportation. We claim that the original charter covers whatever forms of transportation science may discover. There has been a demand in the city of Quebec for an improvement in the transportation system. The same is true of many other cities. The people are asking for motor-buses.

The CHAIRMAN: Would the hon. member mind speaking a little louder? I think the *Hansard* reporter is having difficulty in hearing his remarks.

Mr. PARENT (Quebec West and South): That shows the necessity for some amplifying system in the chamber.

There are in the city of Quebec at the present time some autobuses which have been used there for a few months, running out to a little suburb about three miles outside the city. That territory was actually covered by the Quebec railway with a tramway line, but under the pressure of the population of Sillery the tramway service was replaced by autobuses. The company is bringing this bill forward under pressure of public demand. In my own county of Quebec West and South we have a tramway line which was laid thirty-five years ago and is still in operation, but some people have to walk ten or fifteen blocks before they can get the tram.

It is easy, when a company comes to parliament asking for certain powers, for someone to raise the cry of trusts and make all kinds of charges, but anyone who is familiar with local conditions would not be opposed to this bill. It has been submitted to the civic authorities in the city of Quebec, and I do not see why there should be so much blowing of bubbles over such an insignificant amendment, because we have all the protection that is afforded by our committee on railways and canals. There is nothing in this bill to confer an exclusive franchise or to interfere with the rights of anyone else who wants to start some other transportation system or autobuses.

The Quebec Railway is a company that has invested about $20,000,000 in the tramway system in the city of Quebec, and autobuses are being asked for practically unanimously

by the people of that city. Anyone who knows how narrow the streets are in the city of Quebec, and how the tramway line obstructs traffic, will be in favour of this bill. It is all very well for the hon. member to rise in his place and say that Julian C. Smith is president of the company. Yes, he is the president of the company because he has proved that he knows something about transportation and the electrical systems of this country. He knows that what he is asking for here is to meet a public demand, and the company would not be seeking to spend money on autobuses if it were not that there is a public demand for them. After all, the money that has been invested in the system must be protected, and if the tramway line is going to be withdrawn who is going to bear the loss? The authority to operate autobuses is desired in order to give a better service to the people of the city of Quebec. That is all there is in the bill. It will benefit the labour class especially in the constituency of Quebec West and South.

The rates actually in force on the autobuses are the rates agreed to by the tramway contract of 1925. They are not asking for any higher rates for the autobuses. They simply wish to give the people a better service.

Doubt has been expressed whether the language of the act covered autobuses. When I presented the bill I told the house that as far as I was concerned I had no doubt that autobuses were covered by the language of the act, that autobuses were a product of modern science and invention, and that the company had the power to use them. Some of the other lawyers objected and contended that autobuses were not covered, and it was thought better therefore to clarify the language It was felt that it was such a small amendment that there could not possibly be any objection to it.

After all, we are just asking that the language be amended to cover autobuses, a product of modern science and invention. One might just as well call them tramways propelled by gasoline motors, but somebody happened to call them autobuses. What difference does the name make? The main thing is that this bill has been brought before the house to settle all doubts about the matter. The bill confers no exclusive power upon the company, nor does it give them the right to increase their rates or charge any kind of rate, as has been suggested. They are bound by their contract of 1925 with the city of Quebec, and we are not asking the parliament of Canada to do anything about the rates. We are just asking that the original charter, which was granted at a time when autobuses were not in existence or even thought of, be amended by adding the word "autobuses," in order to remove any doubt that may exist in anybody's mind.

There is nothing in the bill that I can see to prevent any company from being formed by anyone, even by my hon. friend from Témiscouata, to operate autobuses. In fact, I am told that there are already requests before the public utilities commission of Quebec to operate autobuses in competition with this company, and if the public utilities commission grants that power there will be the competition that my hon. friend desires.

To sum up, I say that we are as much in need of autobuses in the city of Quebec as my hon. friend from Témiscouata was in need of a railway station in Rivière du Loup.

Mr. THOMAS VIEN (Outremont): Mr. Chairman, if the matter were as serious as suggested by the hon. member for Témiscouata (Mr. Pouliot), I think every member of the house would agree with him. But it is somewhat different. The question was studied in the standing committee on railways and canals, and I should like to explain to the house in a very few words the question that arises.

The Quebec Railway is a corporation incorporated by a statute of the dominion parliament. Therefore the Quebec Railway must seek in its charter, which is chapter 59 of the statutes of 1895, 58 and 59 Victoria, all its powers and authority. A statutory corporation does not possess any other authority than that which is conferred upon it by statute.

Since 1915 the world has continued to move and a great many things have been improved upon, in Quebec as elsewhere, because there is some progress being made from time to time even in Quebec.

Mr. LAPOINTE (Quebec East): Order.

Mr. VIEN: In Quebec it has come about that autobuses are desired on certain streets and in the suburbs. In the city of Montreal, autobuses have replaced street-cars in certain districts. The city council have directed the Quebec Railway to substitute autobuses for street-cars.

We are not concerned at all with the contracts which were entered into between the Quebec Railway and the city of Quebec. This is not within our jurisdiction. The question arising out of the bill which is before this committee is not that at all. The chairman of the board of transport has expressed a certain doubt as to the power of the Quebec Railway Company to operate buses, and as

regards the jurisdiction of the board of transport with respect to buses. Section 2, subsection 21 of the Railway Act, defines a railway. The word "autobuses" is not included. Therefore it was deemed advisable for the Quebec Railway Company to come to parliament to seek authority to operate buses. The committee is not asked to determine the contracts or the privileges or the exclusive franchises of the city of Quebec, in connection with buses. This is not within our jurisdiction, and parliament and this committee are not asked to determine that point. Parliament is asked only to grant to the Quebec Railway Company authority to operate buses if the city of Quebec in its wisdom desires to substitute buses for street cars.

My learned friend, the hon. member for Témiscouata suggested that there was an amphibious jurisdiction. This must be the offspring of his fertile imagination. There is no jurisdiction. Parliament has created a corporation. In any statutory corporation there must be distinguished the authority and the power. Authority and power are not the same thing. I have the authority to buy any real estate in Montreal, but I may not have the purchasing power to buy it. I am entitled to buy it if I like, but I may not have the power. When parliament created the Quebec Railway it gave it the authority to operate but it did not give it the power. Section 10, subsection 4 of the act, stated:

> No power or authority granted or authorized under the provisions of this section shall be exercised within the limits of the jurisdiction of the city of Quebec, the Quebec north shore turnpike trustees or any municipality respectively, except with the prior consent in each and every case of such city, trustees or municipality respectively, and upon such conditions as they may severally consent to and agree upon.

Therefore there is no exclusive power. There is only the constitution or creation of a corporation with the authority to operate provided they get power from the municipal authority. So to-night we are not called upon to determine whether there will be exclusive jurisdiction or exclusive power or exclusive privilege and franchise; we are simply called upon to give the authority to the Quebec Railway to operate autobuses or other buses—trolley buses—if the city of Quebec desires to have buses in lieu of the street railway.

I should like to draw the attention of the committee to this point. In committee we added to the end of section 1 the following words:

> Subject to all provincial and municipal enactments in respect to highways and motor vehicles operated thereon, and applicable thereto.

[Mr. Vien.]

Therefore no jurisdiction on the highways is being affected by this bill. If they operate autobuses they will be subject to the public utilities commission of the province of Quebec, and their rates will be subject to the regulations of that body. Moreover, provision is made in the bill as amended to make sure that there is no encroachment on provincial jurisdiction.

Mr. LAPOINTE (Quebec East): Was the city of Quebec represented before the committee?

Mr. VIEN: The city of Quebec was represented before the committee.

Mr. POULIOT: By the chief counsel.

Mr. VIEN: Mr. Nadeau, the chief legal officer of the city of Quebec, appeared before the committee and stated that the company and the city had entered into a contract for the operation of buses in lieu of street-cars; both parties are quite agreeable to it, and the people of Quebec appear to be quite satisfied with the system. Be that as it may, this is not determined by this bill.

Mr. LAPOINTE (Quebec East): Was there anybody there objecting?

Mr. VIEN: Nobody except the hon. member for Témiscouata, who lives some eighty or a hundred miles, or maybe two hundred miles, away.

Mr. POULIOT: It is not a question of where I live; it is a question of what I see in the form of bad legislation, and I am strongly objecting to it.

Mr. DEPUTY CHAIRMAN: Order.

Mr. VIEN: I have no objection to the hon. member for Témiscouata objecting to the bill. He is entitled to do so. But I say that the people of Quebec appeared to be unanimous in their approval of the substitution of buses for street cars. But we are not determining that point at all. We are giving to the Quebec Railway the authority, not the power, to operate buses if they and the city come to an agreement in connection therewith. The company is bound to come to parliament. There is no authority other than that of the dominion parliament, because the Quebec Railway is a creation of the dominion parliament and it cannot seek authority elsewhere. It seems that in 1895 the question of buses was not contemplated. Now that buses are necessary and needed, this is the proper forum to come to for the necessary authority. It is an amendment to the Quebec Railway Act a statute of the dominion

parliament. The standing committee on railways and canals thought it proper to recommend the bill as amended.

Mr. DANIEL McIVOR (Fort William): When there is such agreement among lawyers as we find in connection with this bill, I am convinced. We have the solicitor of the city of Quebec, the representative of the law branch of the Department of Transport and the representative of this company, a lawyer, all agreeing, and when three great lawyers agree on a question of this kind I do not think we should waste any more time on it. I am disappointed to-night that this discussion has taken so long because I had a speech ready on the sweepstakes bill, which is an important matter.

Mr. T. L. CHURCH (Broadview): If this parliament passes amending legislation like this, we shall make a scrap of paper out of every provincial and municipal street railway franchise, which can be paralleled by another rival company.

Some hon. MEMBERS: No.

Mr. CHURCH: I say yes. By this amendment we are conferring a new motor-bus and motor-truck franchise upon this company. The company started as a provincial concern away back in 1895 when it went to the provincial legislature of Quebec and got a charter and an act passed. The incorporation of this company has been declared in eight acts not to be a work for the general advantage of Canada but a purely provincial undertaking. What do we propose to do to-night under this bill? The bill has not been submitted to the committee on railways, canals and telegraph lines, or to the Minister of Transport (Mr. Howe), nor has he laid down in the house yet the policy of the government with regard to it. We are simply going to create another franchise over the head of the province of Quebec and over the heads of the many other municipalities in that province where the company operates, because the operations of this company are not confined to the city of Quebec alone. The company operates outside the city in the several municipalities which are set out in three or four pages of the statute of 1895. There is no mention of motor-buses in it.

In 1917 the municipalities had a hard fight in the House of Commons when the general Railway Act was being revised. That fight was for the municipal control of streets throughout Canada. A large number of companies had been coming to this parliament and getting statutes passed, and in that year there was a long fight for the municipal control of streets. I had to be down here to protect our streets from new federal franchises. Now that basic principle is involved in this bill—the principle won in 1917 after a long fight that no company may operate on the streets of Canadian municipalities in, on, along, over or under a highway without the consent of the municipality, yet if we pass this amendment this company may do so over provincial and municipal rights which are in jeopardy.

In connection with this bill, section 8 of chapter 59 of the statutes of 1895 does not give the company any such powers as they claim. We are told that the purpose of this bill is to clarify section 8, but I submit that a careful reading of the statute of 1895 will refute this contention. A large number of other sections of that statute must be read in conjunction with section 8 and the whole act, and marginal notes as well, to get the intention of the statute. Does this parliament propose to confer charters on purely provincial and municipal undertakings to allow the operation of motor-buses, taxicabs and so on by special federal enactment. If the national railways had been more active a few years ago, there would be no necessity for a bill such as this, and that railway would have got a bus franchise.

This bill confers a new franchise, and various provincial rights have to be considered. The Toronto transportation commission operates motor-buses in all parts of Ontario and gives a provincial service. It operates under provincial charter, using motor-buses, motor-trucks and some taxis with international affiliations and interprovincial services; it had to buy out competition. What would be the position of that concern if this parliament passed the amendment now submitted to us? To give this company an amendment would be, I repeat, simply to override the municipalities in whose territory the company would operate and give this company exclusive jurisdiction. The company would have the whole area forever for the operation of motor-buses for itself, a franchise without consideration by legislation.

This section is supposed to clarify section 8 in order to resolve doubts as to the company's powers to own and operate the necessary autobuses, trolley buses, and so on. But they have no such power by the original charter. No court of law has declared that they have that power and they know they have not. Not by the widest interpretation of chapter 59 of the statutes of 1895 can it be contended that they have any such power. But they are trying to go over the heads of the province of Quebec and the municipalities, seeking a new form of bus franchise

from this high court of parliament. If we pass this amendment the transport commission of Canada will have no control over their rates. Moreover, the amendment would have the effect of giving the company radial entrances not only into the city of Quebec but also into other municipalities for motor-buses, trucks and taxicabs and power, light and buses without municipal consent. It would give the company that whole territory, without affording the municipalities any chance whatsoever to be heard before our committees or the Department of Transport.

Is it any wonder that there is an agitation in the country and that people everywhere are wondering what we are doing in this parliament when we flout the municipalities and the provinces in this manner by conferring new charters on such companies; for that is what it amounts to? I repeat, this amendment to section 8 is not a clarification but a new declaration, the conferring of an absolutely new franchise upon the company to operate in and outside the city of Quebec.

It will be seen in the explanatory note that the object of the amendment is to ensure the company's right to provide transportation "in and in the neighbourhood of the city of Quebec," and the purport of these words is set out in eight or nine pages of the parent statute. If they are to have the right to operate motor-buses they should go to the provincial legislature, which has control over highways in that province, for a new franchise. The province built the highways, and yet an effort is being made in this house to allow this company to use the provincial highways of Quebec without any reference to the provincial legislature or the municipalities who have to license these buses.

The bill is objectionable for another reason. What is the purpose of the railway committee but to consider the principle of bills of this description. In my opinion the bill is a gross infringement of provincial and municipal rights. Has the province of Quebec been asked to make representations with regard to this bill, or have the city of Quebec or the other municipalities who are vitally interested made any representations in the matter? Have they been consulted?

The CHAIRMAN: It is nine o'clock.

Progress reported.

TRADE AGREEMENTS

CANADA-UNITED STATES—CONTINUATION OF DEBATE ON MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

The house resumed consideration of the motion of Mr. Mackenzie King that the house go into committe on the following proposed resolution:

> That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. GREEN: Before the house took recess at six o'clock, I had been discussing the effect of the Canada-United States trade agreement and the concessions made by Canada under the United Kingdom-Canada agreement on the lumber industry in British Columbia, which, as I had pointed out, is the greatest industry in our province. I had shown how the empire agreements of 1932 had been benefiting this lumber industry, and I think the situation with regard to these empire agreements was very well summed up by a noted old country man who visited British Columbia last summer at the head of a delegation from the British lumber trade. He was quoted in the Vancouver *Province* of August 30 as follows:

> Warning against any change in the present British tariff preference on British Columbia lumber was uttered here to-day by E. P. Tetsall, leader of the British lumber delegation which was banqueted by the provincial government at the Empress hotel.
>
> Praising the present tariff arrangement which has built Canadian export to Britain, Mr. Tetsall added: "I should regard it as reactionary and a retrograde step if any change were to take place in the conditions under which the trade has grown up and has prospered."

We now come back to the first stage of the lumber bargain with the United States, which came into effect on January 1 of this year. In this first stage Canada plays fairy godmother to the United States in several ways. In the first place, on about one-fifth of the lumber business which the British Columbia industry has built up with the United Kingdom as a result of the empire trade agreements of 1932—which one-fifth, incidentally, is worth several million dollars to British Columbia—this government gives up about three-fifths of the Canadian preference. That means, in the first place, the loss of some of our business to the United States and, in the second place, more highly competitive prices on the business we do not lose. The loss goes right back to the logger and mill worker in British Columbia. Just within the last week or two, wages in many of our leading mills were cut by ten per cent, and we find the logging business down. Then, in reference to the lumber market, we find such information as this, from the Vancouver *Province* of February 20, just eight days ago:

> British inquiries have been active except for "clears."

And "clears" are the type of lumber on which Canada has now given up part of her preference.

The second way in which we have been a fairy godmother to the United States is this: On the whole of our lumber business with the West Indies, which has been built up as a result of the empire agreements, involving about fourteen million feet, the preference has been cut from ten per cent to about four per cent. In the third place our business with Australia, New Zealand and South Africa is affected. These dominions were not parties to the recent tripartite negotiations in Washington, and they have yet to make their terms with the United States. Nevertheless the Canadian government has agreed in advance that no objection will be made to Australia, New Zealand and South Africa cutting our preference to the same extent that it has been cut in the British market. I would refer the house to the lumber declaration, which is a schedule to the treaty, found on page 51. I quote:

—the government of Canada will interpose no objection to the reduction by empire governments other than the United Kingdom—

As I have said, that refers to Australia, New Zealand and South Africa.

—of differential duties now levied on United States lumber to a point at which the margin of preference enjoyed by Canadian lumber will not exceed the duties and taxes now imposed on Canadian lumber on importation into the United States—

As the fourth gift to the United States, Canada agrees to cut her duty on dressed lumber coming from the United States by one-half, to ten per cent, and to keep United States rough lumber on the free list, with no quota in either case. We also agree to remove the three per cent excise tax. That adds up simply to this, that we are giving the United States a part of British Columbia's market for lumber in the prairie provinces.

In return for these gifts to the United States, in the first stage of the lumber bargain that country graciously agrees, in the first place, to remove the quota of 250,000,000 feet a year imposed on Douglas fir and western hemlock. That is the quota which Canada has never yet been able to fill. Just what value lies in that concession can be best explained by reading from an analysis of this treaty by Senator Lewis B. Schwellenbach, who is United States senator from the state of Washington. His analysis will be found in the *Timber Worker*, published in Seattle, under date of December 10, 1938. With regard to the removal of the quota he has this to say:

When, with all the public construction going on during the last two and one-half years, the Canadians never exceeded sixty per cent of their quota, the question of the removal of that ceiling is conclusively proved to be immaterial. Any fair-minded person must agree that in this regard no concession was made by our government.

We find a similar statement at page 51 of the United States press release on the agreement with Canada. Dealing again with the quota the United States government said:

The quota fixed in the 1936 agreement on Douglas fir and western hemlock, although representing a relatively small fraction of the domestic consumption, has not been reached by actual imports, which at their maximum, in 1937, were barely sixty per cent of the quota. This was one of the reasons for dropping the quota provision in the new agreement.

Mr. HANSON: If I may ask a question, when the hon. member is giving the figures of our exports to the United States would it not be a good idea to tell the house also what lumber Canada buys from the United States? That is reciprocity in one commodity, and I think it would be interesting to give the house that information.

Mr. GREEN: That is not in the line of my speech. If the hon. member wants to have that made clear he can make his own speech.

As the second so-called concession which the United States makes to Canada in the first stage of this lumber bargain, she has agreed to do away with the provision which required Canadian lumber to be marked "made in Canada." This marking provision was a joker put into the United States law by this same Senator Schwellenbach, in the spring of 1938; and I would remind hon. members that this government actually started to negotiate this new treaty away back in 1937. The marking provision came into force in the fall of 1938, just before negotiations were completed. An explanation of that measure will be found at page 400 of the *Commercial Intelligence Journal* of September 3, 1938, which points out that the law empowered the secretary of the treasury of the United States to except from the marking regulation any imported article, including lumber, subject to a proviso which apparently was put into the United States law by Senator Schwellenbach in the spring of 1938, that such power would not apply after September 1, 1938, to sawed lumber and timber, et cetera, but with this further provision:

—but the president is authorized to suspend the effectiveness of this proviso if he finds such action required to carry out any trade agreement entered into under the authority of the act of June 12, 1934, as extended.

The senator explains it all as follows:

I put this provision into the law. The house committee had refused to accept it, the house

of representatives had refused to adopt it, the senate committee had refused to accept it, and I offered it upon the floor of the United States senate. I finally prevailed upon Senator Walsh of Massachusetts, chairman of the committee, to take it to conference. Those who criticized the treaty know that he succeeded in getting it accepted by the conference only upon the understanding that it probably would be removed through the medium of a treaty.

In other words, it was put in there simply for the purpose of negotiating a treaty. He sums up the value of these so-called concessions that have been given to Canada in the first stage of the lumber bargain as follows:

In the preceding two paragraphs I have outlined in full all the concessions that were granted to the Canadians so far as the lumber industry is concerned. Any honest and fair-minded individual must admit that they amount to nothing.

I think it may fairly be said that under the first stage of the lumber bargain Canada does all the giving and none of the taking. And this first stage continues in force for the life of the agreement; in other words, it is in force for three years, unless the United States congress chooses to bring the second stage into effect, by dropping the import excise tax of $1.50 a thousand. This excise tax was imposed under the Revenue Act of 1932 for a period of one year, and was renewed for periods of two years each in 1933, 1935 and 1937, so it expires at the end of June of this year. For this possible concession, which is the only one the United States makes in the second stage of the lumber bargain—and which would still leave our lumber subject to a duty of fifty cents a thousand, whereas from 1913 to 1930 it went in free—the British Columbia lumberman, logger, mill worker and employee in the dependent industries pay an added price. First of all, on the one-fifth of our lumber business with the United Kingdom, on which the Canadian preference is now cut by three-fifths, we give up the preference entirely. In other words, we let the other two-fifths go. And we also give it up entirely on a further one-fifth. This means that Canada loses her preference completely on about two-fifths of our lumber business with the United Kingdom.

In the next place, on the whole of our lumber business with the West Indies we give up the preference completely.

Mr. HANSON: I should like the privilege of asking the hon. member a question.

Some hon. MEMBERS: Order.

An hon. MEMBER: Read it to-morrow.

Mr. GREEN: If I have time at the end of my speech I shall be glad to answer.

[Mr. Green.]

Mr. MANION: Let the hon. member make his own speech.

Mr. SPEAKER: The hon. member for Vancouver South (Mr. Green) has the floor, and must not be interrupted, unless he gives consent.

Mr. GREEN: I have already said that if I have time at the end of my speech I shall be glad to answer the hon. member's questions.

Mr. MANION: After the forty minutes.

Mr. GREEN: As for the whole of the lumber business which we have built up with Australia, New Zealand and South Africa, we find that in the second stage of the lumber bargain we are already bound to concur in any request from those dominions for permission to give the United States the same treatment by way of duty as that country gives to Canada. In other words, we bind ourselves to concur in a request for a reduction of our preference to fifty cents a thousand. On this point I continue from the point where I left off in my earlier quotation from the lumber declaration:

And that when, and for so long as, the United States import excise tax ceases to apply to lumber imported from Canada, Canada will concur in any request it may receive from such empire government for the extension to United States lumber of the tariff treatment enjoyed by Canadian lumber.

This business represents millions of dollars to British Columbia.

I would point out that Canada is tied down now for the second stage of the lumber bargain, while the United States is free to enter into it, or not, just as she wishes. In other words, the second stage is left entirely in the hands of the United States, and the British Columbia lumber industry is left in the air.

This is the sort of quagmire one falls into through over-anxiety to make an agreement. The government, in its attitude towards this Canada-United States agreement, and the concessions made by Canada under the Canada-United Kingdom agreement, brings to my mind the small boy who tries to play marbles with two bigger boys and gives away all his marbles just to make a good fellow of himself. I am afraid that is just what this government has done, so far as the lumber industry in British Columbia is concerned.

Mr. EULER: They do not seem to object, out there.

Mr. HANSON: The hon. member is not familiar with it.

Mr. GREEN: I thought that would make him rise. If there is to be any fairness at all

in the lumber bargain for British Columbia, then this second stage should be brought into effect. Even then we shall not be compensated for the sacrifices we have made in the first stage and those we shall have to make in the second stage. But I again suggest to the government that they should point out right now to the government of the United States the unfairness of leaving the lumber bargain in the first stage, and should press for the bringing into effect of the second stage by the removal of the import excise tax, as a matter of common decency between nations. Until this step is taken, the work of this government on the Canada-United States agreement is not finished.

Now, if the hon. member for Skeena (Mr. Hanson) would like to ask a question, I shall try to answer it.

Mr. HANSON: I understand from what the hon. member has said that we should tell the United States we do not want to sell lumber to them at all.

Mr. SPEAKER: The hon. member is allowed only to put a question, and not to make a speech.

Mr. HANSON: I am not making a speech.

Mr. GREEN: If the hon. member would put his observations in the form of a question I should be glad to answer him. I did not quite catch what he was trying to say.

Mr. MANION: Continue with your speech.

Mr. EULER: He has finished.

Mr. HANSON: Does the hon. member suggest to the government that the treaty, so far as lumber is concerned, is no good? I would ask the hon. member to state what lumber Canada buys from the United States? We have a supply of lumber we want to sell somewhere, and the United States is the logical market, as the hon. member knows.

Mr. PERLEY: What is the question?

Mr. HANSON: The home market in Canada will not take our lumber.

Mr. GREEN: What is the question?

Mr. SPEAKER: Order.

Mr. EULER: May I ask the hon. member a question? How does he account for the fact—and it is a fact—that the British Columbia lumbermen who are most closely affected by the agreement have approved it, and have not made the objections the hon. member has made?

Mr. REID: Every one of them.

Mr. GREEN: Mr. Speaker, in the first place the lumber industry of British Columbia is looking at the agreement from the point of view that the second stage will be brought into effect. In my speech I have tried to urge upon the government that it leave no stone unturned to see that the second stage is made effective. Without it I am quite certain no person in British Columbia will have any use for the agreement. One good example of what is happening in the first stage is the fact that wages have already been cut ten per cent in portions of the industry.

Mr. HANSON: Wages have not been cut.

Some hon. MEMBERS: Sit down.

Mr. HANSON: We must pay the minimum wage.

Mr. GREEN: The other reasons why some of the representatives of the lumber industry have given approval to the agreement are these: They thought it was going to be a good deal worse than it is; in other words, they expected sudden death, and instead of that they are getting slow poison. Then, they realized that they might as well take it and like it. In the third place they are in the hands of this government; there are other treaties being negotiated all the time; other treaties will be coming up; why should the lumber industry antagonize the government, when the deal is closed, by saying, "we do not like it; we have no use for the government?"

Finally, let me say that the gentleman who wrote the letter quoted the other day by the Minister of Trade and Commerce (Mr. Euler) is one of the strongest supporters of the hon. member for New Westminster (Mr. Reid).

Mr. H. A. McKENZIE (Lambton-Kent): Mr. Speaker, I had intended speaking at length in this debate in connection with the trade treaty; but after listening to the speeches delivered during the past ten days in this house, I have decided to change my tactics and I shall content myself with making only a few remarks. I believe almost every angle of this trade treaty has been covered, and any further speeches could hardly help but be repetitious.

The question of trade vitally affects Canada, and rightly so. Listening to the speeches in the house, I am firmly convinced that we all believe in trade and trade treaties. Treaties must always be made on the principle of give and take; some concessions must be granted as well as benefits received. But it must be admitted that Canada has achieved an enviable position, because we are now in fourth position among the exporting nations of the world. No one can deny that prosperity is built on trade, both internal and external, and the more business each country

does, the better it will be for everyone. Many extravagant statements have been made both for and against the treaty, but I cannot see any benefit in discussing this matter any further. Time alone will tell of its merits and demerits. There has been the usual taking of sides in this debate, with parties lining up solidly either for or against the treaty. It seems strange to me that the members of one party should all oppose the treaty, while the members of another party should all be in favour. In order to prove their points they have quoted from certain newspapers. Many United States newspapers have been quoted during the debate. Those papers which were anti-government have contended that the farmers of the United States have been sold down the river, but other newspapers take the opposite view and say that the United States is going to get into the Canadian market. I contend that these references do not mean anything.

The average citizen is not particularly interested in political speeches, but he will be elated if these trade treaties bring more prosperity. I am satisfied that the government have made a comprehensive study of the probable results of this trade treaty. The three men who represented Canada in connection with negotiating this trade treaty were the best qualified men we have. I do not subscribe to the contention of the opposition that Americans are such good traders that Canada was bound to get the worst of the deal. Surely a bargain to the mutual advantage of both countries was possible.

I should like to give a brief history of the three men who carried out the negotiations for this trade treaty. Mr. H. B. McKinnon, commissioner of tariffs, was appointed to the tariff board in 1926. He was one of the officials who took part in the economic conference held at Ottawa in 1932, when the first Canadian-United Kingdom treaty was negotiated. Mr. L. D. Wilgress has been with the Department of Trade and Commerce since 1914. He has represented Canada as a trade commissioner at various points in Europe, including some years in Russia and Germany. Mr. Norman Robertson, first secretary in the Department of External Affairs, was appointed to that department in 1929. These gentlemen took part in the economic conference at Ottawa in 1932, at which time the first United Kingdom-Canada treaty was negotiated.

When the first Canada-United States trade treaty was negotiated in 1935, these three gentlemen represented Canada at Washington They were sent to England in 1936 when the United Kingdom trade agreement was revised, and they were again Canada's representatives at the negotiation of the trade treaty we are now discussing in the house. These gentlemen were ten months in Washington negotiating this trade treaty. They were in daily communication with the ministers at Ottawa and had at their disposal all the information available in the departments. They were quite able to judge the benefits or disadvantages of the treaty. It is quite true, as was stated this afternoon by the hon. member for Waterloo South (Mr. Homuth), that these men were sent by this government to negotiate the agreement. However, from what the Minister of Trade and Commerce (Mr. Euler) says, I am satisfied that no legitimate business in Canada will be injured by this treaty. Markets for our primary products are of great consideration to a country like Canada, with only about 11,000,000 people and yet possessing vast natural resources. If these treaties give us a wider market for our lumber, fish, pulp, potatoes, minerals, live stock and dairy products, and they will, then our secondary industries also will profit, as will Canada as a whole.

If I recall correctly the remarks of the hon. member for Waterloo South, he stated that no one had spoken for the industrial worker of this country. I do not think that is a fair statement to make. I think every Canadian is interested in the industrial workers of this country, but we cannot get away from the fact that the primary producer produces and the rest of the people derive their livelihood by exchanging their goods and services for the products of the primary producer. Until the primary producer is in a prosperous state, we cannot expect to have economic prosperity in Canada.

These treaties are already in operation, and there can be no further point in discussing them in this house. I cannot see the value of some of the speeches that have been delivered during this debate. This afternoon the hon. member for Waterloo South said that this government was living in the past. I am not so sure of that. I can recall a speech delivered this week by the hon. member for St. Lawrence-St. George (Mr. Cahan), and if he did not go back into the hoary past, then I do not know who did. I cannot remember back to the point at which he first started; for I do not believe I was born then, but when his forty minutes were up he was at least eight years away from the date of the trade treaty under discussion. I well recall the cry against the reciprocity pact in 1911. At that time the slogan was: "No truck or trade with the Yankees." Again in 1936 many people saw ruin and desolation because of the trade agreement which had

been negotiated. I can well recall, when the $100 exemption was under discussion in this house, how the members of the opposition painted a picture of Canadians going into the United States and bringing back so many goods that all the border industries would be ruined. I looked into this matter along the St. Clair river in December, 1937, and I found that very few people brought back the full $100 worth of exemptions.

It is the same old cry of ruin and desolation that is being raised. We all remember the story of the boy who cried "wolf" when there was no wolf. Such a cry may appeal for a while, but I feel sure the Canadian people will not be unduly alarmed about the story of the terrible ruination that is going to come upon the country. It is true we criticize each other, and probably we always shall, but at heart we want the same things. We want to preserve our freedom and liberty, not only for ourselves and for our children, but for our children's children. These trade pacts have the tendency to bring democratic countries closer together as trading units. I was greatly interested in the remarks of the hon. member for York South (Mr. Lawson) when he spoke in Essex the other day. He said that this parliament had been in session for six weeks, and he wanted to know what the government had done.

An hon. MEMBER: Nothing.

Mr. McKENZIE (Lambton-Kent): Nothing was said as to who is responsible for that. I think the hon. member himself must take some responsibility for it. He knows that the government summons parliament, but the opposition says when it shall be prorogued. I am not going to debate this matter very long because I think we have talked it out. The treaty is in operation and we cannot change it. Why prolong this debate any further? If freedom of speech is one of the bulwarks of democracy, let us not play it to death in this House of Commons. I think we shall have to change our tactics if this House of Commons is to continue under our present constitution. I am quite convinced, and I am sure that other hon. members are likewise convinced, that at least half the business of the country could have been done by this time if we had not wanted to make political speeches in this House of Commons.

I am not going to be a sinner in that respect myself. We cannot change the trade pacts, so why debate the subject any longer? That is the attitude I take.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, ever since this resolution was introduced into the house I have felt the utter futility of trying to offer any suggestion that might be adopted by the government with a view to improving the trade treaty to be founded on the resolution now before the house, and I can say that, too, for every one of the 245 members of this House of Commons. Not one of us can raise his voice in this house to change by one iota the trade treaty that will be introduced as soon as this resolution is passed. I have often heard the Prime Minister (Mr. Mackenzie King) speak about this high court of parliament. But in my judgment it is nothing but a travesty on democracy that 245 members of this House of Commons cannot say a single, solitary word to alter one line of this treaty in any shape or form.

Mr. EULER: That was the case in 1932.

Mr. MacNICOL: No, it was not the case in 1932, but it was the case in 1936 under this government.

Mr. EULER: We did not change one word of the Ottawa agreements.

Mr. MacNICOL: My hon. friends opposite may not have changed it because there was not sufficient argument put up to change it, but this treaty cannot be changed no matter what argument is put up. I call it nothing but a farce of governing that we are enduring under the present circumstances.

An hon. MEMBER: It is a good thing the hon. member cannot change it.

Mr. MacNICOL: When I have finished with what I want to tell the house, if the hon. member still thinks it is a good thing that we cannot change the treaty I shall be very sorry for him.

First, I should like to refer to the question of unemployment and the effect this treaty will have upon it. No one who was in Toronto over the weekend and saw the parade of the unemployed up Yonge street and along Bloor street to St. Paul's cathedral could not have failed to be impressed by the situation in that great city where some three hundred fine young men were out parading, perhaps because they had nothing else to do on Sunday, but for the particular purpose of demonstrating that they were out of work. It made a great impression on me.

This afternoon the hon. member for Marquette (Mr. Glen) said something about the ballots that are at present being showered down upon this House of Commons. I have received about 4,500 of them myself, and I do not regard them lightly at all. When I see how carefully they have been clipped and how carefully the people have written

their names upon them, I know the public are aroused, and they are aroused because of the inaction of this government, and particularly because of the effect that its 1935 treaty had in unemployment and in anticipation of the effects this 1938 treaty will have in throwing men out of work. I know something about employment because I have been in industry for the greater part of my life. I know what makes the wheels of industry turn, and I know what the stoppage of the wheels of industry means to men requiring employment.

May I say just a word with reference to the remarks of the hon. gentleman who has just sat down (Mr. McKenzie, Lambton-Kent). He spoke of the three capable gentlemen who were at Washington negotiating the present treaty for Canada, and he said they were in constant contact with the cabinet at Ottawa. But, Mr. Speaker, we should have done exactly what Washington did. We should have established contact with the manufacturers and producers of this country. That is just the difference between Canada and the United States when it comes to negotiating a treaty. In Washington they know what they are doing; in Ottawa they do not know what they are doing, as is evidenced by this treaty.

The hon. member who has just taken his seat spoke of what the 1935 treaty had accomplished, but when I get through with my statement of what it accomplished, I expect he will change his opinion materially. Let me refer to what the Prime Minister said in this house, as reported as page 897 of this year's *Hansard*.

> The rates of duty chargeable under the British preferential tariff on United Kingdom goods are on an average lower than they have ever been before, and the rates chargeable on United States goods have been reduced in two stages—

That is, in 1935 and 1938.

> —to a level that on most commodities is below that effective when the Liberals were last in power in 1930.

That is just the trouble, Mr. Speaker, our tariff walls have been lowered until to-day this country is being flooded with goods from all over the world, and particularly from the United States to the south of us, the majority of which could be made by Canadian workmen in Canadian plants, and it is just because these goods are made in United States plants by United States workers that the streets of this country are flooded with young men and older men out of work. I am surprised beyond measure at the Prime Minister. He knows what happened in 1911, when this mad raising of the cry of freer trade resulted in selling the Liberal party down the river. He knows what happened between 1921 and 1930 when the tariff walls of this country, which are our defence of employment, were cut in session after session for eight or nine sessions and this country became flooded with unemployed, who happily for themselves in that period could migrate to the United States, as they did to the number of several hundred thousand, as a result of a large number of our factories having closed their doors because of the tariff slashings of the previous Liberal government.

In the latter part of the paragraph I have just quoted from the Prime Minister's speech, he speaks of the tariff on United States goods entering Canada being lower, but that is not the case with the United States tariff on all Canadian goods going into that country.

Under the Fordney-McCumber tariff, clover seed going into the United States had a protection of four cents, and it still has a protection of four cents. Lumber, copper, hides, skins, leather—all went into the United States free, but they do not go into the United States free under the trade treaty recently negotiated. Under the Hawley-Smoot tariff too, our lumber and copper went into the United States free except for the excise tax; but, as has been intimated here, Canada will likely remove the excise tax from everything entering this country.

I remember very well various members of the cabinet during the time the Conservatives were in power saying that the Conservative policy was one of tariff barriers, restricted trade, trade obstruction, exploitation of the consumer, tariff embargoes, subserviency to big interests. I characterize the policy of the present government under six similar headings, only after this manner: The present policy of this government is one of employment barriers, restricted employment, employment obstruction, retardation of work for consumers, employment embargoes, and subserviency to free trade agitators.

I should like to refer for a moment or two to what the Minister of Trade and Commerce (Mr. Euler) said and carry on a little further from where the hon. member for Waterloo South (Mr. Homuth) left off. The minister said at page 1070 of *Hansard* that Canada imported last year, namely, 1938—he said, fiscal year, but my figures indicate that it is the calendar year—some 307,000 pairs of shoes. That is 157,000 pairs more than were imported the year before. Those 157,000 additional pairs of shoes mean the loss of just 125 jobs in the shoe factories of Waterloo county, Toronto, Hamilton or elsewhere. In other words, had the 157,000 pairs of shoes

been made in Canada, this would have meant a difference in Canadian payrolls of 125 employees, according to members of the Shoe Manufacturers' Association.

Mr. EULER: I do not care to interrupt my hon. friend, but will he permit a question?

Mr. MacNICOL: I do not want to waste too much time.

Mr. EULER: It is just this. Does my hon. friend argue that we should make an entirely prohibitive tariff, whether it be on potatoes, shoes, or anything else?

Mr. MacNICOL: I am not in favour of a prohibitory tariff, but I am in favour of the Canadian shoe manufacturer having a square deal, and that is what he is not getting under the present tariff, negotiated by the present government.

The minister said something about the importation of shoes under the $100 exemption. In the last ten months of 1938 $740,000 worth of shoes were imported under that exemption. That is a large number of shoes. It is equivalent to the employment of some seventy-five men in the shoe factories of Canada; and that is something not to be laughed at.

Mr. EULER: I am not laughing at it.

Mr. MacNICOL: I shall raise my voice at every opportunity in favour of labour obtaining jobs, and I am entirely opposed to any tariff or regulation which throws men out of work. The minister said that the quantity of shoes imported was only about 1½ per cent of the total production of shoes in Canada.

Mr. EULER: Less than two per cent.

Mr. MacNICOL: But that 1½ per cent must be multiplied many times because of the nature of the shoes imported. By far the largest percentage of shoes consumed in Canada is of the ordinary type worn by persons like ourselves and workers throughout the country. The shoes imported are of another type, usually worn by ladies and girls. On Saturday I was told in Toronto that the big shoe merchants there have made a survey by sending observers to Buffalo on Saturdays and holidays to observe the purchases of shoes by Toronto women in that city. They say that these purchases are of a staggering amount and that they are not correctly reported in the numbers which come in under the $100 exemption. The last time I drove over Detroit bridge there were four cars containing a number of us who were coming back from Chicago. I drove first and went to the customs house. The officer asked me if I had anything to declare. I said no. I do not as a rule buy anything in the United States. The other three were not asked anything, yet everyone of them was loaded with articles he had bought. It was not my business to say what other people had in their cars.

Mr. EULER: The reduction in tariff does not affect that. They came in free.

Mr. MacNICOL: The $100 exemption does, and that is what they are all working on. Many people do not declare what they have bought. They say "What is the use of declaring? I haven't a hundred dollars' worth." When the minister was questioned with reference to shoes, he said some compensation might be given to shoe manufacturers by lowering the duties on some of their raw products. That is the vicious circle which runs through this whole business. This government has put one manufacturer against another. They lower the duty on one product; the person who is affected by the lower duty comes here and asks for a further concession, and so it has gone on all over Canada. The whole manufacturing fabric of this country to-day is, as was said this afternoon, jittery. They do not know what to do. If there were an election in progress I have no doubt they would say a great deal, but they are too scared and panicky as to what may be done in the course of the budget. After that is over, I imagine that these gentlemen will start to talk a great deal.

There are many things I could say about the furniture problem. Somebody referred to it this afternoon re these duties. I want to congratulate the minister upon the fact that in the present treaty he lowered the tariff a mere bagatelle on furniture. The recent tariff has been thirty per cent, and then an excise tax of three per cent.

Mr. EULER: A reduction of 1¼ per cent, I think.

Mr. MacNICOL: Duty and excise tax on $100 raise it to $133.30. For the new furniture tariff the minister deserves some credit; the schedule itself is raised from 30 to 32½ per cent, and with the excise tax taken off, $100 worth amounts to $132.50. The furniture manufacturers are told, "we are going to let machinery in for a little less duty, but there may be a reduction on your paints and one thing and another"—the same vicious circle. I protest against it just as strongly as I can. It is attacking one manufacturer through another, and by attacking one manufacturer after another, driving men out of work in the factories which manufacture these lines of materials. For instance, last year $742,000 worth of furniture was imported from the United States. That is equivalent to the labour

of 350 men, I am told. It would look pretty good to have 350 men working in the factories at Kitchener. If they had work for 350 men in Strathroy, it might be possible to re-start the factory which went out of business; or if they could find work for 350 men in the McLagan factory at Stratford which is stopped, it might be started up again.

In addition to the importation of $742,000 worth of furniture last year, a considerable amount—it is hardly distinguishable how much—came in under the $100 exemption. Furniture, I notice, is linked up with household appliances, of which some $756,000 worth entered Canada in eight months; it will probably amount to a million dollars in the twelve months. Probably that would mean the importation of half a million dollars' worth of furniture. A large number of men will have lost their jobs on that account. As I said a moment ago, the government proposes to try to fix matters up by lowering duties on other lines, and here, too, we have a vicious circle. One form of production after another is attacked from one end of the country to the other. Is it any wonder that we have unemployment in Toronto and other centres? Just wait until the weather improves, and I have no doubt that the unemployment parade which will come to this city of Ottawa will stagger everyone and will outdo anything that has ever occurred in that line.

The Minister of National Revenue (Mr. Ilsley) gave four reasons for supporting this treaty. I shall not mention them all. The first is, that it is to facilitate rather than to obstruct the making of the agreement between the United Kingdom and the United States. The next two reasons are along the same lines; the fourth one does not say anything about labour, either. I would say that when the government makes a treaty, the thing it should keep before it above anything else is what that treaty will mean in the matter of unemployment in this country. The government has not done that. That is one thing it has entirely forgotten. In by far the majority of cases the provisions of the treaty will affect the labour market from one end of the dominion to the other. The Minister of National Revenue also said that we are not directly affected by Great Britain's protectionism to any more than a small extent because she lets most of our products into her markets free of duty. He might have added that now she is going to let United States wheat into her markets free of duty. This country gets it from every angle and gets the wrong end of the angle every time.

When the Minister of National Revenue was speaking on February 21, something was said about apples. On Saturday last I overheard an interesting conversation on this subject. The minister said that he had no complaints from his province, Nova Scotia, with reference to the tariff on apples. At that time he did have complaints. Last Saturday I came down in an elevator in a Toronto building with two gentlemen, one of whom knew me. He called me by name, and then he said, "we were just discussing the tariff schedules in connection with apples. This gentleman," he said, "comes from Nova Scotia and is an apple packer." I said, "Don't give me his name because I might be asked in the House of Commons what it is." Not having his name I cannot give it. He told me, however, that representations had been made to the government, and on that date the minister must have known all about the representations. I assume he did know because in his speech he makes a statement with reference to compensation. He does not use that word and perhaps I had better read what he says:

> . . . on some of their supplies, particularly on spraying and dusting materials and fertilizers, and upon agricultural implements, including spraying and other orcharding machinery from which the 3 per cent special excise tax is to be removed.

He intimates that the apple producer will receive some concession, and I say again that we have the same vicious circle. You attack one producer and in trying to compensate him you attack another; that is why from one end of the country to the other employment is diminishing all the time.

I wish to discuss for a moment the remarks of the hon. member for Prince (Mr. MacLean), because I interrupted him when he referred to the policy adopted by the Conservative party at its convention. At page 1208 of *Hansard* he is reported as having said:

> When the Conservative convention was held in Ottawa and the new leader was chosen, they adopted a resolution stating that the party stands by its old principle of high protection.

I interjected that it was not so, and I think it would be in order to read the policy of the Conservative party in connection with protection, as adopted at the national convention:

> This national Conservative convention declares its continued adherence to its traditional policy of fostering and sustaining by fiscal protection Canadian labour and Canadian industries, and especially the primary industries of agriculture, fisheries, forestry and mining, all of which are essential to the maintenance of a well-balanced national economy, while, at the same time, guarding against undue advantage being taken of the protection so afforded.

That was one means of protection that the last Conservative government took in connection with the tariff. They did not write

it on the basis that the height of the tariff was the whole concern; but the object was to prevent the exploitation of the consumer, and therefore they made agreements with the manufacturers not to enhance prices if they were given an opportunity to manufacture in this country. In my opinion that principle should be embodied in any tariff policy adopted in this country. It goes on:

It also affirms its adherence to the underlying principles of that policy, which have served to stimulate the development of the natural resources of Canada, to preserve and to enlarge the domestic markets for Canadian products, to promote interprovincial trade, and, generally, to provide a diversified economic life which will serve to retain Canada's sons and daughters within our own boundaries.

That is one of the bases of the Conservative party's policy, whereas one of the results of the trade treaties which this government has now negotiated has been to cause unemployment in very large measure, and the unemployed remain in Canada only because they cannot enter the United States.

This convention affirms the policy of having tariff schedules under scientific investigation by a permanent tariff commission and that, in case it is ascertained that unfair advantage is being taken of any customs duties imposed by such schedules, the tariff commission shall make recommendations, to which effect shall be given by the government, for reducing such rates of duty or for removing them from the tariff schedules.

This convention affirms its firm adherence to the policy of preferential trade within the British commonwealth of nations, by which Canada obtained the boon of tariff preferences in the markets of the United Kingdom and of other dominions, and which have served to mitigate the severity of the trade depression during recent years, and which were approved by parliament, despite the bitter, determined and prolonged opposition of the Liberal party.

This convention is convinced that the permanent interests of Canada are best conserved by enlarging our markets—

I have heard someone say that we do not want markets. Our platform says:

—by enlarging our markets in the United Kingdom and other British dominions, whose products are more complementary than competitive with those of this country, and with which our trade agreements are more likely to be durable and beneficial.

This convention believes that the external trade of Canada may also be increased advantageously by the negotiation on a fair and equitable basis—

That is what we say the present treaty does not do. It is not fair to Canada, certainly not to the Canadian manufacturer and the Canadian workmen in the factory.

—of trade agreements with countries which are outside of the British empire, but that in negotiations with foreign countries, the terms agreed upon should not be such as to impair the benefits derived by Canada under existing agreements between Canada and the United Kingdom and between Canada and other British dominions.

That is the Conservative platform. The hon. member for Prince made this statement, which I shall also take time to explode:

I tell my hon. friends that the prohibitive tariff imposed by that government—

That is the Bennett government.

—threw more people out of jobs than any other thing that ever happened.

Other hon. gentlemen who are not familiar with industry and employment have made the same statement. What are the facts? Under the Bennett government from January 1, 1933, to January 1, 1935, the index of employment rose as follows, 1926 being 100:

Year	Index number
1933	78·5
1934	88·6
1935	94·4

I suggest that we should continue to January 1, 1936, because the present government did not come into office until October or November, 1935. On the first of January, 1936, the index figure of employment was 99·1. In other words, there was a gain of 20·6 that is 26·2 per cent. Now take the present government. What has been the gain, taking January 1 in each case?

Year	Index number
1937	103·08
1938	113·4
1939	108·1

That is to say, there was a gain of 4·1 per cent.

Mr. EULER: Why not go back to 1930 instead of beginning with 1932?

Mr. MacNICOL: My hon. friend in speaking of shoes was not fair, nor was he fair in regard to furniture. The suggestion he has just made is an unfair one because he knows that from 1930 to 1932, during the first two years of our term of office, the world was in the middle of the greatest depression it had ever known. But from 1932 conditions began to improve, though I am sorry to say they have started to recede under the agreements of 1935, and the recession may be still greater under the present treaty. The Canada Year Book for 1937 states that, from 1932 to 1935, 159 more establishments were started in Canada, principally as a result of the Bennett tariff, and 88,971 more persons were employed. Breaking that down, I find that in the textile industry from 1933 to 1935 there was an increase in personnel of 14,464; in the iron and steel products industry an increase in personnel of 24,479; and in wood and wood products in the same period, an increase in

personnel of 18,243. My hon. friend is evidently not familiar with industry and employment when he tries to make out that during our term of office there was not an increase in employment. There was a recession until 1932 or 1933, but after that there was a continuous increase. I could give other figures.

The hon. member for Essex East (Mr. Martin) said something about employment increasing in Windsor. I wish it were, but I am sorry to say it is not. The figures for employment for Windsor as at January 1, 1937, showed an index of 152·9; and as at January 1, 1938, 148·9. In December, 1937, it was 153·1, and December, 1938, 142·2, or a loss during 1938 of from 148·9 to 142·2.

I was talking to a motor-car manufacturer in Toronto on Saturday—and he comes from Windsor, by the way—who told me that if the treaty affects the industry as they are afraid it will, within a very short time the motor-car industry of Canada will be reduced to three or four plants, at most.

I should now like to submit some further figures to show the reduction in employment that has resulted from the 1935 trade treaty, in order to give an idea as to what will happen as a result of the 1938 treaty. During 1938 unemployment figures were as follows:

May	400,000
June	387,000
July	407,000
August	368,000
September	346,000
October	378,000
November	398,000
December	472,000

That does not speak very well of the trade treaty negotiated in 1935.

I should now like to show the increase in the number of unemployed wage earners in comparable months of 1938 and 1937, taking 1926 as equalling 100. The figures are as follows:

	1937	1938	Increase in unemployment per cent
May	327	400	22·3
June	294	387	31·6
July	277	407	46·9
August	245	368	50·2
September	225	346	53.7
October	242	378	56·2
November	291	398	36·7
December	381	472	23·8

I would ask anyone who may speak from the government side to tell us why they should negotiate another trade treaty after the first treaty caused such a disaster in regard to employment. I think that should be brought out. I could continue with many other figures to back up what I have said, but my time is passing and I want to say a word of praise in regard to one item. This is brought to my mind by what I thought was a contemptuous statement made by the hon. member for Huron North (Mr. Deachman) in regard to employment in connection with the pitting of dates. The government has reduced the duty on unpitted dates to one-half cent a pound, which should increase employment in this country. For the benefit of my hon. friend from Huron North I may say that as a result of the original attempt to provide employment in the pitting of dates in this country almost a thousand girls were employed at that work, earning twelve, thirteen or fourteen dollars a week. Employment is rather low now, but I hope that as a result of this reduction some further employment may be given.

I should now like to say a word about the piano industry. I know a number of people engaged in that business, and in discussing this matter with them on Saturday one of them handed me a letter he had received. I believe the minister has a copy of it, and perhaps he has in mind some regulation which will overcome the difficulty to which I am going to refer. The government has reduced the duty on pianos and in addition has taken off the safeguard whereby, no matter what may have been the actual price, for duty purposes a piano was estimated to be worth at least $75. Through the slashing of and tinkering with the tariff by Liberal governments the piano industry has been so reduced that now there are only about six plants remaining in Canada, in New Westminster, Toronto, Clinton, Kingston, Montreal and St. Therese. Formerly there were a great many piano factories in this country, employing large numbers of men, but the industry has been shot to pieces because our market has been flooded with goods from other countries. Listen to this letter to piano dealers in Canada from a firm in New York:

> For instance, we will furnish twenty-one pianos, harnessed to the car, at $500 or $600 for the entire lot. In both cases the pianos would be unrepaired uprights and the difference of one hundred dollars allows for the quality of the instruments, by which we do not mean to infer that you would not be getting an excellent buy at the $500 price but as you know, there are all grades of pianos and one hundred dollars leeway on twenty-one would permit us to send you very excellent instruments. Similarly, we can furnish you with guaranteed good player pianos thoroughly gone over, at $55 each, in single lots—

The minister has not yet told parliament how he is going to stop that; but fancy it, twenty-one pianos coming into this country for $500.

Mr. EULER: Would my hon. friend permit me to ask a question?

Mr. MacNICOL: My time is passing rapidly; no doubt hon. members opposite would like to take up some of it, but I must hurry on. All along the line this treaty is going to bring about reductions in employment. Within the last few days I spoke to a gentleman who in 1932 had four hundred men employed in his plant. As a result of the 1935 treaty that number was cut down, and now he foresees nothing but the closing of his plant. His employees have been reduced to some 275, I believe, and he expects that within a reasonable length of time he will close the plant entirely and buy from the parent plant in the United States what he requires for the Canadian market. Any treaty that will close up a plant—and this is only one of scores and scores of plants—and throw the employees on the labour market is, in my judgment, certainly not a good treaty.

An hon. MEMBER: Time.

Mr. MacNICOL: No, my time is not up yet. Some speakers have referred to the press release issued by the United States government in connection with the present treaty, before it went into operation. I should like to quote a little from the press release issued by the United States government after the 1935 treaty was in operation, in which they say:

> These trade increases were widely distributed among many classes of American producers, and were most notable in . . . cotton and rayon piece goods and wearing apparel; furniture; periodicals, advertising pamphlets and printed matter and various paper products; automotive products, including tractors; radios, refrigerators and other electrical apparatus; electroplated ware; a wide range of machinery and implements, agricultural and industrial; and in metal products generally.

I have been associated with the metal industry for a long time, and this is one thing that gives me a great deal of concern. I want to laugh when someone on the opposite side talks about the increase in our exports of industrial products to the United States. In 1938 our exports of iron products of all kinds to the United States amounted to $4,000,000, while our imports of the same kind of materials amounted to $134,000,000. It is not of much assistance to the iron industry of Canada to enact tariffs that reduce employment in practically every iron industry in Canada and which at the same time increase employment in United States factories to the extent to which a favourable balance of $130,000,000 will provide employment over there. Much of that money should have been spent in this country to furnish employment here.

I think I have time to refer just a little further to the results of the trade treaty. What is to be charged up to your former trade treaty? Your former trade treaty had thrown many thousands of men out of work. Your new trade treaty will throw thousands more in industry out of work. In that way you reduce the market for the primary producer.

Mr. MANION: And hit the farmer, as well.

Mr. MacNICOL: What does the press say about employment in Canada, as a result of this government's tariff tinkering? I shall read only the headings, because I have not time for more. The first reads: "Youth urged to demand jobs from government." Youth will never get them from the present government, when its actions are resulting in throwing multitudes out of work.

And the next: "Youth unemployment is termed emergency by Brantford rally." Of course. And the present tariff will affect many more in Brantford.

And the next: "Youths' gaoling called terrible." Of course. The gaols are half full of youths who would never be there if they could get enough to do. How can they get anything to do when the factories from one end of Canada to the other are closing?

And the next: "Service clubs join in task. Joint committee is formed to seek immediate steps by government to meet unemployment problem." They have a fat chance of having this government do anything in connection with the unemployment problem.

And the next: "Relief cost shows jump—"

Mr. PLAXTON: What did you do between 1930 and 1935?

Mr. MacNICOL: If you were in your seat—which you are not, very often—

Mr. PLAXTON: I came in particularly to listen to you.

Mr. MacNICOL: —you would have heard me say a short time ago that in various lines of business many thousands of men were given additional employment between 1930 and 1935. If you had been here you would have heard that.

Mr. PLAXTON: I heard it.

Mr. MacNICOL: I might say, since you have said that, that if the present government wishes to do anything for unemployment, let

them make, in the John Inglis Company plant, $6,000,000, $8,000,000, or $10,000,000 worth of the tractors they are importing.

Mr. PLAXTON: The plant which you wanted closed down.

Mr. EULER: Who took the duties off tractors?

Mr. MacNICOL: That is not the point. If I were the Minister of Finance I would put a duty on.

Mr. EULER: The Conservative government took it off.

Mr. MacNICOL: And I would see that the price was not enhanced, either. Different manufacturers tell me, if they could get a market for them, they can make tractors by the thousands for less than people are now paying in the United States.

Mr. EULER: Who took the duty off?

Mr. MacNICOL: The duty is meant to give employment. The government can regulate the price just the same as the Bennett government did.

To continue with the clippings: "Extra 1,000 sought relief at Owen Sound last year."

Mr. DEPUTY SPEAKER: I regret to interrupt the hon. member, but he has spoken for forty minutes.

Some hon. MEMBERS: Go on.

Mr. MacNICOL: I have just about finished.

Mr. CRERAR: Finish it.

Mr. POWER: This is good stuff.

Mr. DEPUTY SPEAKER: Only with the unanimous consent of the house.

Mr. MacNICOL: All right, I shall not proceed; I do not wish to impose.

Some hon. MEMBERS: Unanimous consent.

Some hon. MEMBERS: Go ahead.

Mr. MacNICOL: Well, I have just about finished. I was going to add that on January 29, 1939, the Reverend Doctor Peter Bryce, well known to a good many welfare workers in Toronto, had this to say, after making a survey:

> I assert that the situation in Toronto at the present moment is the most serious I have known in my thirty years' residence.

That is the truth.

What has this government done for employment? What did the treaty of 1935 do for employment, when we know that conditions in Toronto to-day are worse than they have been for thirty years? It is all wrong for members to talk about conditions improving, when they cannot back up their statement with figures.

Then, what did the premier of Ontario say?

Some hon. MEMBERS: Oh, oh.

Mr. MacNICOL: I knew my hon. friends would like to hear that.

Mr. DEPUTY SPEAKER: Order.

Mr. MacNICOL: He said:

> I see no relief from the burden in sight. I am frank in confessing I don't know just where to head in on this problem.

Mr. DEPUTY SPEAKER: Order.

An hon. MEMBER: You don't want to hear from him.

Mr. THOMPSON: Can't take it.

Mr. DEPUTY SPEAKER: Order.

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, this afternoon I listened to the hon. member for Marquette (Mr. Glen) and heard him make the statement that social credit was not doing so well in Alberta. May I suggest to the hon. member that it is the Liberal party that is not doing so well in Alberta, and that there had been a greater reduction in unemployment in Alberta than there has been in the province from which the hon. member comes. There has been more money invested in industry and in building in Alberta than has been invested or spent in building or in construction in the hon. member's province.

Mr. HANSON: What kind of money?

Mr. LANDERYOU: And not only that, but the cash position of Alberta is better than that of the province from which the hon. member for Marquette comes.

Many references have been made by the Prime Minister (Mr. Mackenzie King) and other members of the government to the success of the Liberal party in the elections of 1935, and to their success in the by-elections which have taken place since that time. But may I remind the Prime Minister and his government that their success has been very much limited in Alberta, both in the general election and in the by-elections which have taken place since. We can recall the by-election which took place in Edmonton East, where it was impossible for three cabinet ministers to put on sufficient pressure to defeat the hon. member who now represents that constituency in the house, and is attached to the party to which I belong. As a sage of old said, "That which is not good will not last." The Liberal party is through in Alberta.

Mr. MacNICOL: It is through all over.

Mr. LANDERYOU: They have read, no doubt, of the last of the Mohicans. Well, we now have the last of the Liberals in the person of the hon. member for Edmonton West (Mr. MacKinnon), who has been honoured by his party, and rightly so. I say that because of all the Liberals who ran for office in Alberta he was one of the fortunate ones who saved his deposit. So I do not think much satisfaction can be derived from the success of the Liberal party in Alberta.

Of course, the Conservatives did not fare so well either—but they did just as well as the Liberals. At that time there was one Conservative returned to the house.

An hon. MEMBER: Are there any left now?

Mr. LANDERYOU: There is still a remnant of the Conservative party left in Alberta, but they are trying to join up with the remnant of the Liberal party to form some sort of unity league. I believe the Liberals and Conservatives should unite federally, because they have this in common at least: They are both determined to take no fundamental step to change existing conditions in Canada. They are both satisfied to sit and do nothing. Neither one of them is prepared to make the far-reaching changes which are so essential to get us out of the financial mess in which we find ourselves.

Mr. POTTIER: What is Aberhart going to do?

Mr. LANDERYOU: Before dealing with the observations of the Prime Minister, I believe I should refer to a statement made by the hon. member for Marquette in regard to the application of social credit principles to dominion affairs. He felt we should wait until such time as the whole world would adopt those principles. May I remind the Liberal party that they still advocate free trade, and yet the whole world does not seem to have adopted it. And, as an hon. member to my right suggests, neither does the Liberal party. I believe the record will bear me out. That is exactly the position taken by the Liberals in regard to our movement. They suggest that nothing can be done provincially or federally, that we must wait until the whole world accepts social credit. All we are suggesting is that we should abolish poverty in the midst of plenty, but they say to us: "Do not attempt to abolish poverty in the midst of plenty until the Chinese have taken the same steps, until poverty has been abolished in India, Africa and Afghanistan." They tell us not to establish just prices until the whole world has done so. What sort of reasoning is that? Let me read what the originator of this great movement once said, speaking from the world point of view. Major Douglas was asked this question:

> Since under the Canadian constitution control over banking, finance, trade and commerce rests entirely with the dominion government, is it not desirable that advocates of social credit centre their main efforts upon the dominion rather than the provincial field?

The SPEAKER: I think the hon. member is getting away from the subject matter of the resolution, which has to do with the trade agreement with the United States. The quotation being given by the hon. member is out of order.

Mr. LANDERYOU: I agree with what you say, Mr. Speaker, but I am simply replying to a point which was raised by the hon. member for Marquette. The answer given is not mine; it is the answer of one of my colleagues and co-workers in this great movement of social credit.

Mr. HANSON: I suggest to the hon. member that he speak from his own seat.

Mr. LANDERYOU: I do not care where I speak; it makes no difference to me.

Mr. SPEAKER: Provided the hon. member keeps within the limits of the resolution before the house.

Mr. LANDERYOU: The answer given by Major Douglas is as follows:

> Well, the answer to the first of those questions I gave a short time ago, that if you have no powers you cannot do anything; but I feel fairly certain that the logical result of saying, "we must refer this thing to Ottawa," would be in effect, if not in words, "we must refer this thing to London." We are so interlocked with the international finance system that we cannot do anything in Ottawa. We must do it through London. And when you get to London you would be told, "Ah, yes, but we must do this in conjunction with Wall street."

Mr. SPEAKER: I ask the hon. member to discontinue his quotation. It is irrelevant to the subject matter of the present resolution.

Mr. LANDERYOU: I shall not read any more from the statement by Major Douglas. That has been the attitude taken by this Liberal government to prevent the province of Alberta from attempting anything. I imagine that they will suggest that we should go to London, England. I suggest to my hon. friend that he read part of a speech delivered by the Prime Minister of New Zealand, as referred to in the following report:

The Prime Minister (Hon. M. J. Savage) said the leader of the opposition had accused the government of having made arrangements with the Douglas credit organizations. Now, what were the Douglas credit organizations trying to do? They were trying to get for the people the things that the people were capable of producing.

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member should confine his remarks to the resolution before the house, which has to do with a trade agreement with the United States.

Mr. LANDERYOU: I have sat in the house and listened to addresses made by hon. members on both sides, and I have heard them fight out every election since 1911 and discuss every subject from soup to nuts; yet I am prevented, as I understand it, from answering the points raised by the hon. member.

Mr. SPEAKER: I have rendered my decision and the hon. member should abide by it. I am simply doing what I did a few days ago when the hon. member for Lethbridge (Mr. Blackmore) was speaking. I called that hon. member to order on the very same point. I think the hon. member should confine himself to the resolution before the house. There will be other opportunities given to him to discuss the question of monetary reform.

Mr. LANDERYOU: The Prime Minister painted a rosy picture of what he expected from the trade agreement. He declared that it was the fulfilment of all the promises made by the Liberal party in regard to trade before the election of 1935. I recall the Prime Minister and other members of the Liberal party declaring that their promises in regard to monetary reform had been fulfilled, and then shortly afterwards bringing in an amendment to the Bank of Canada Act. Those were strange proceedings. If the people of Canada do not receive any more benefits from the fulfilment of the promises of the Liberal party with regard to trade than they did from the fulfilment of the promises of the Liberal party in regard to monetary reform, then God help the people of Canada.

Mr. HANSON: You may be sure they will not get any help from the Alberta government.

Mr. LANDERYOU: We say that the prosperity of Canada should not depend upon the height of a tariff wall. Our prosperity should depend less and less upon foreign trade. If we depend too much upon foreign trade for our prosperity we are likely to become involved in national and international complications which will create problems and hard feelings at home which may eventually lead to war abroad. Why should we bring dairy products and wool from New Zealand into this country in exchange for automobiles, when our farmers have to walk and when we keep on producing a surplus of dairy products and wool?

The Prime Minister declared that the nations of the world are endeavouring to practise what he termed economic nationalism, that they were trying to get into isolated compartments. We have never suggested that, and I challenge the government to name one nation that has stated their policy to be one of economic nationalism, which means virtual isolation as far as trade is concerned. I ask them to name one nation which has refused to trade with the world. I know that after the revolution many countries refused to trade with Russia and enforced economic nationalism upon that country, but what country of any importance has declared to-day that it refuses to trade with other nations of the world?

I listened to the hon. member for Cochrane (Mr. Bradette) state that Italy and Germany did not want to trade with the nations of the world. I suggest that he read something in addition to the speeches of his leader. Just the other day Germany stated that she must trade to live, and England replied that she must trade or die. We hear that Germany wants to trade $30,000,000 worth of machinery for $30,000,000 worth of wheat and other commodities. How can anyone say that we as a party, that the Conservatives as a party, or that the people of any nation as a nation refuse to trade? Why should they condemn social crediters or others who advocate that our own people should be supplied from our own natural resources? We want to utilize our natural resources for our own people. Why try to blast our way into foreign markets when we cannot get into our own?

Mr. HANSON: The Liberals never said that.

Mr. LANDERYOU: Nobody knows what the Liberals have said.

The trouble with the world to-day, and nobody knows it better than the Prime Minister himself, is that every nation wants to sell and does not want to buy, or wants to buy and has not the necessary purchasing power. I hear laughter from the benches opposite.

Mr. MARTIN: Your own leader is laughing.

Mr. LANDERYOU: He is laughing at you. Let me read from the report of the world conference of agricultural economists, and maybe this will wipe the smile off the faces of those on the treasury benches who are now laughing. These are men who have made a study of world problems, unlike those who occupy the seats opposite. The problems of the consumption of agricultural products were dealt with by various speakers at the conference, and I quote this from the report:

The general feeling expressed in the discussion was of the need for increased consumption both from the standpoint of solving the agricultural marketing problem and from the sociological point of view. Means considered for bringing this about included: (1) increased real purchasing power for the masses; (2) decreased costs; (3) social measures.

So we find that the world conference of agricultural economists recognizes that there is a shortage of purchasing power in the various nations of the world, which precludes any possibility of getting rid of the surplus commodities.

I quote next from the *Economic Annalist* for February, 1939, which states:

The decline in the volume of world trade, which became apparent in the fall of 1937, continued during the first six months of 1938. This resulted in an accumulation of world stocks of foodstuffs and raw materials and an accompanying decline in the wholesale prices of primary products. Further, it tended to stimulate in many countries the use of quotas, exchange controls and clearing agreements—methods restrictive to world trade, which had shown some signs of being at least partially relaxed during 1937.

So there go all the hopes of the Liberal party for free trade—blasted once more, and the surpluses are still in the world.

I should like to refer to the situation in New Zealand. Listen to their Minister of Finance speaking, but first I shall read the reference he makes to the United States before making any observation on his references to New Zealand:

I was in Washington about August, 1933, and I met one of the most competent economists there who had been administering the Agricultural Adjustment Act. An order had been given to destroy six million pigs. They had been burned, and the government were watching that the residue, the fat that came from the burning of the pigs, did not go on to the market in such a way as to spoil the price level for fats, etc. I went across the road in the same city of Washington to meet a lady who was in charge of the child welfare department. She gave me a report that she had just received from New York, and that report showed that of the 300,000 children examined in the New York schools in the previous three years 21 per cent were certified by the doctor as being short of food. I looked at it with astonishment—between 60,000 and 70,000 youngsters were short of food, while the government were burning pigs, and paying people not to grow wheat, paying them not to grow tobacco, and letting oranges rot by the million because it was not profitable to market them. I mention that because I want to press the point home as far as I can, and I hope the discussion will centre round this point. I want us to visualize economic cooperation to the full within the empire and commonwealth, but at the same time to visualize that there is one purpose for cooperation, and that is to see that the people in the countries cooperating have access to the resources that are available.

Between 1929 and 1933 we in New Zealand, and I think the people in every other country too, had to take into account particularly the agricultural interests. Our farmers in New Zealand were bankrupt.

May I interject, the same as our farmers in Canada!

They had produced twice as much—

The same as we in Canada!

—and yet they had received less in money for their doubled production. For instance, in 1934 they sent to the old country something like 120,000 tons of butter as against 60,000 tons of butter in 1924, and for those 120,000 tons they got £10,000,000, whereas for the 60,000 tons they got £11,000,000. They were told to produce more, to make up in volume what they were losing owing to the fall in values. They did produce more, and half of them became bankrupt.

The same situation obtains in Canada in relation to our agricultural products, our timber industry, our fishing industry, and every other primary industry in this dominion. We double, treble and quadruple our production, and the net result is that we get only half as much or one-third as much for it, and the farmers have just enough money left to pay this overhead.

Mr. HANSON: If my hon. friend will permit me—

Mr. LANDERYOU: I have only five minutes left, so will my hon. friend please take it like a gentleman?

Let me refer to a statement made by Sir John Orr in his book, Food, Health and Income. I quote:

Sir John Orr, in his book, Food, Health and Income, proved that in Britain, out of the population of forty million, there were twenty-two million and a half not getting enough food to eat. In the poorest group, representing four million and a half, the weekly income was ten shillings or less per head and the sum spent on food four shillings per week. Those conditions existed whilst the farmers of Britain and of other countries were in difficulties because they could not find markets for their produce.

Possibly there was not a Liberal government in power!

Sir John Orr estimated that the total increase in consumption necessary to bring the whole population up to the standard of diet necessary for health was about £200 millions a year.

My hon. friends may say: "Oh, you are giving us conditions as they exist in other parts of the world." But let me refer to some conditions that obtain in Canada, and they are not so rosy either. Some articles have appeared in the Halifax *Herald*. Of course, we have to go outside Alberta to find things like this, but I feel I should draw to the attention of the house conditions in other parts of the country where people are not so prosperous as they are in the province I represent. Here is the headline: "Bleak and hungry future faces hundreds of Thorburn children—Farmer Smith tells of visit to mining town schools." The article goes on to tell of the terrible conditions that exist in these mining districts.

Here is another heading in the Halifax *Herald*: "A challenge to Christianity—Stark poverty and despair grip this fishing village—Disgrace to humanity." The articles go on to describe conditions in two villages in Nova Scotia. I quote from one article:

> I selected Thorburn, a mining town, and Terence Bay, a fishing village, because both of these places had been prominently brought before the Canadian people within the past few weeks.
>
> What I have written, I have written after observing with my own eyes. I have not been influenced in any way and my only interest in presenting these facts is from a humanitarian standpoint and in the hope that we, as a christian people in Nova Scotia and Canada, will speedily take action to improve conditions in Thorburn, Terence Bay and similar places within the borders of this province.
>
> I am not suggesting that there are not scores of fishing villages along the Nova Scotia coast where the conditions I have described in this article do not exist. There are fishing villages where the people have a plot of land for gardens and can secure other forms of employment when fishing is scarce or when prices are low. I maintain, however, that the daily life in many homes in Thorburn and in Terence Bay is a disgrace to humanity and a challenge to Christianity.

The government contend that they are going to do a great deal through this trade agreement for these fishermen, that this agreement holds out a solution of the problems of the government. I recall listening to a statement made by an observer, over the air, some two months ago. He said that three men went out in a fishing boat, and after fishing all day and loading up their boat with fish, when they got to market they received a total of $2.81 for their catch. Is that supposed to be a solution of our problem—to give $2.81 to three men for a day's work and a boatload of fish?

Mr. MARTIN: Why not twenty-five dollars a month?

Mr. BLACKMORE: Why not?

[Mr. Landeryou.]

Mr. LANDERYOU: My hon. friend says, "Why not twenty-five dollars a month?" I agree with him, and I ask him, why not? And he cannot answer me, or at any rate he has failed to answer me. If my hon. friend will be patient, I shall deal with that point. I remember that just the other day the leader of the opposition (Mr. Manion) agreed with me when I said that the most urgent problem in Canada to-day was the need of increased purchasing power to the consumer. I believe that even the Liberal party would agree to that. I have no doubt that my Cooperative Commonwealth Federation friends would also do so. So we find general agreement among all hon. members that we must have increased purchasing power for the consumer. But we differ as to the method, and so the people do without, while we argue over the method. I know the Liberal party will never find the way to do it, because they put too much confidence in their theories of world trade. We know they have no solution. The consumer should be financed. There is plenty of money for production. Hon. members have said that we have in Canada an ample amount of money for productive purposes. But I ask them this question, what is the use of investing money in increased production when we cannot buy that which is produced to-day? Factories are working part-time; the goods come out; and what do the retailers do? They sell them at a dollar down and a dollar the next time they can get it.

Mr. MARTIN: What is money? What is the value of money?

Mr. LANDERYOU: We have suggested that we should finance the consumption of goods.

At this stage I wish to move the adjournment of the debate.

Motion agreed to and debate adjourned.

SUPPLY

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved that the house go into committee of supply.

Hon. R. J. MANION (Leader of the Opposition): I understand that this motion is simply for the purpose of getting into one item of the estimates of the Department of Trade and Commerce. I have no objection; indeed, so far as I am concerned, I quite agree. At the same time I should like to point out to the government that this is the second time recently that we have permitted the movement into supply at this late hour of the evening. This will mean, I think, that we shall have brought in four different depart-

ments. In justice to the house, I suggest, next time the government wants to move into supply it should move earlier in the day, say Tuesday if it so desires, so that if any hon. member has any grievance he wishes to have redressed he will have an opportunity of bringing it up. Eleven o'clock at night is, of course, too late to bring up any matter and deal with it at all satisfactorily. I wish it to be understood that we expect that the next time the government wants to go into supply, it will make the motion at the ordinary time of day, that is some time in the afternoon. I think we have already advised the government that in all probability one of our party will be moving a motion to deal with a certain grievance.

Mr. LAPOINTE (Quebec East): My hon. friend will admit that the government is not entirely responsible for this state of affairs. Of course it is only on Tuesday that we are able, at this stage of the session, to move into committee of supply to open up a new department. It is true that we have already introduced two or three other departments. We hope that the flow of oratory will dry itself out soon, and that we shall be able to do some more business. I thank my hon. friend for agreeing to go into supply.

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

DEPARTMENT OF TRADE AND COMMERCE

376. An act to place Canadian coal used in the manufacture of iron and steel on a basis of equality with imported coal—administration, $600.

Mr. MANION: Will the minister explain this item?

Hon. W. D. EULER (Minister of Trade and Commerce): It is an item of only $600. This amount may be required temporarily to pay the expenses which may arise in connection with the subsidy on coal production, and it is refundable later on to the government by the steel company. Last year the amount was not required. Probably it will not be required this year.

Item agreed to.

Mr. EULER: If my hon. friend desires, we can leave it with that one.

Mr. MANION: I think we might let it stand at that. There was to be only one item. We have got into the department.

Progress reported.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. LAPOINTE (Quebec East): Tomorrow we intend to take up some of the government measures on the order paper. There seem to be quite a number of speakers on the trade treaty, but we are really anxious to do some other work.

Mr. MANION: I hear that there are twenty-two speakers on the Liberal side, still waiting.

Mr. LAPOINTE (Quebec East): Oh, no; unfortunately they are coming from the other side.

Mr. MANION: No, my hon. friends have more than we have, and rightly so. They have the numbers and they need the defence.

Mr. LAPOINTE (Quebec East): Hon. members on this side of the house have been exercising a good deal of restraint.

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

Wednesday, March 1, 1939

The house met at three o'clock.

STANDING COMMITTEES

PUBLIC ACCOUNTS—CHANGE OF PERSONNEL

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

That the name of Mr. MacInnis be substituted for that of Mr. Rowe (Athabaska) on the standing committee on public accounts.

Motion agreed to.

SWEEPSTAKES

PETITION OF PRINCE EDWARD ISLAND RESIDENTS OPPOSING LEGALIZATION IN CANADA

Mr. A. E. MacLEAN (Prince): Mr. Speaker, I wish to present a petition from the residents of O'Leary, Prince Edward Island, in opposition to any measure to legalize sweepstakes in Canada.

WAR MUNITIONS AND MATERIALS

MONTREAL CONSTRUCTION SUPPLY AND EQUIPMENT SHELL CONTRACT—REFERENCE TO PUBLIC ACCOUNTS COMMITTEE

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, having given the notice required under the rules of the house, I wish to move, seconded by Mr. Rowe (Athabaska):

That a copy of the agreement between the government and the Montreal Construction Supply and Equipment Limited, Montreal,

Quebec, for the machining of billets and forgings in the manufacture of shells, together with all related orders in council, documents, correspondence, minutes of the interdepartmental committee, and statements of claim, be referred to the standing committee on public accounts.

I consider it my duty very briefly to explain my reasons for requesting the reference to the standing committee on public accounts. I desire to make it very clear that I am actuated only by the conviction, which I hold very strongly, that the manufacture of armaments, or at least the primary implements of warfare, should be manufactured under national auspices. It is also my earnest desire to eliminate all forms of profiteering in the manufacture of armaments. I have had abundant evidence in recent weeks that this desire is shared by a large number of ex-service men across the Dominion of Canada.

The reasons for suggesting that the house should refer this contract to the committee are found in the form and substance of the contract itself, which has been tabled in the house. It presents features very similar to those of the Bren machine gun contract, which necessitated a judicial inquiry, and which were found objectionable by many hon. members in this House of Commons.

The contract was placed by the government with the Montreal Construction Supply and Equipment Limited, Montreal, the president of which company is Mr. A. Janin. The contract was executed on November 17, 1937, and is for the machining of billets and forgings in connection with the manufacture of 20,000 quick-firing 18-pounder shell bodies, and 10,000 quick-firing 4·5-inch howitzer shell bodies. Although this contract was approved, I notice, by the interdepartmental committee, it was awarded on the basis of selection and not on the basis of competitive bids. I refer to the answer given by the Minister of National Defence (Mr. Mackenzie) as it appears at page 627 of *Hansard* for February 3, 1939. According to that answer, this is the only contract which has been placed for the manufacture of shells in Canada, in Great Britain or any other country. In his answer the minister indicates that deliveries have not yet been made.

I believe the onus rests upon the government to explain fully, either in the house or before the public accounts committee, just what was involved in the negotiations leading up to the execution of this contract. I would remind the house that the government of Canada was committed at Geneva to a policy of the public manufacture of armaments, and on former occasions the Prime Minister (Mr. Mackenzie King) and the Minister of National Defence assured the house they would endeavour to follow such a policy. They also stated that the next best alternative would be manufacture on the basis of competition, under a suitable regulation of profits.

I ask the government to explain, either now or before the committee, why in the giving of this contract there has been such a marked deviation from a policy enunciated in the house and accepted by hon. members in good faith. I ask that, and propose that the committee should examine why the contract was awarded to this particular company.

I find, on reference to a directory issued by the Engineering Institute of Canada, that it is not listed as one of the companies in possession of facilities for the manufacture of products of this kind. Other companies are listed, and it is made abundantly clear that they have such facilities. I refer, at random, to companies included in the directory—five, for instance, named by the interdepartmental committee, with reference to the Bren gun, and companies such as Canadian Vickers, Limited; Montreal Locomotive Works, Limited; Ingersoll-Rand Company, Limited; Allis Chalmers Company; Dominion Engineering Works, Limited; Canadian Locomotive Company; Canadian Car and Foundry Company, Limited, and many others. These companies are established and actually in possession of the machine shop facilities required for the manufacturing or machining of the billets and forgings used in the manufacture of shell bodies.

I say that the committee should scrutinize closely the reasons why this construction company, a company interested mainly in the construction of buildings, with a machine shop which I understand is used chiefly for the overhauling of equipment used in construction, should be selected for this contract. I think the committee should find out to what extent the public interests were safeguarded when the responsibility was assumed by the department or by the interdepartmental committee for the selection in this way of a favoured contractor. The committee should examine carefully the terms of the contract itself.

Under the provisions of the contract the government, the party of the first part, has undertaken to supply free of charge to this company, Montreal Construction Supply and Equipment Limited, all billets cut to length, forgings, base plates and driving band rings, special paint and varnish, and packages and boxes required for the said shells. These are all provided without charge. I believe the onus rests upon the government to explain to the committee or to the house from what source the billets and forgings will be ob-

tained and if in that connection other contracts have been awarded. If other contracts have been awarded, we should be told upon what basis.

In another clause of the contract provision is made whereby the government shall supply such machinery as is set out in exhibit B of the contract, together with any additional machinery as may in the opinion of the said party of the first part be considered desirable. Referring to exhibit B, I find listed therein the type of machinery that one would expect to find in any well-equipped machine shop, and particularly the shops of those companies to which I have referred. There are listed heavy duty turning lathes, heavy duty boring lathes, ordinary lathes, rivetting machines, production drills, shaping and milling machines, universal tool and cutter grinder, and so on. Such machines are in common use in all well equipped machine shops. The question immediately arises: If the government already had any such equipment, why was it not used for government manufacture in connection with this order?

I believe there will be a responsibility upon the committee to examine closely the cost clauses of this contract, particularly in view of the answer given by the minister on February 3. At that time he said:

> The contract was placed on a cost-plus basis at an upset manufacturing cost of $4 per shell for 20,000 shells, quick-firing, 18-pdr. high explosive, and $6.75 for 10,000 shells quick-firing, 4·5" Howitzer high explosive.

Clause 4 of the contract states:

> The price to be paid by the party of the first part for the machining of the said billets and forgings shall be as follows:
>
> (a) The cost of electric current necessary for proper and healthy lighting of the shop, offices, corridors, lavatories, men's rooms and yard, which is hereby fixed in the sum of $1,270 per annum, commencing March 15th, 1938.
>
> (b) The cost of providing comfortable heat in cold weather, which is hereby fixed in the sum of $1,067 per annum, commencing March 15th, 1938.
>
> (c) The proportionate amount of all taxes, business, real estate and special, other than income tax, which amount is hereby fixed in the sum of $900 per annum, commencing March 15th, 1938.
>
> (d) The cost of the water supply in shop, yard, offices, men's rooms and lavatories, which is hereby fixed in the amount of $100 per annum, commencing March 15th, 1938.
>
> (e) The cost of maintenance and repair of railway siding, hereby fixed in the amount of $300 per annum, commencing March 15th, 1938.
>
> (f) The cost of power supplied from the machine shop of the party of the second part for the ammunition ship compressor, in the maximum of 50 h.p., fixed in an amount at $1,500 per annum, the party of the first part hereby agreeing that any power in excess of that herein mentioned which may be required shall be paid by it on a meter basis, commencing March 15th, 1938.
>
> (g) The cost of four telephone connections and signal system from office to shop, fixed in an amount of $360 per annum, commencing March 15th, 1938.
>
> (gg) The cost of maintaining railway siding yard, roof and entrances clear of snow during winter, fixed in an amount of $1,200 per annum, commencing March 15th, 1938.
>
> (h) The cost of premiums in respect of fire and riot insurance on buildings, on shops, and of a night patrol, fixed in an amount of $1,200 per annum, commencing March 15th, 1938.

And also the cost of rentals, depreciation on buildings, heating and plumbing, repairs, administration charges, assessments or payments made to the province of Quebec under the workmen's compensation act, and any expenses incurred in or imposed by the observance of provincial or dominion labour legislation. The contract then goes on to say:

> (m) Subject to the provisions of clause (o) of this section, the wages and salaries to be paid, with the prior written approval of the party of the first part, for labour employed directly on—

The various types of labour required are then enumerated. Then the next paragraph reads:

> (n) Ten per centum (10 per cent) of the amount of wages and salaries paid for labour as mentioned in clause (m) of this section.

The next section then deals with restrictions. I would direct the attention of the house to the fact that although this section specifies $4 for the 18-pounder and $6.75 for the 4·5 inch howitzer shell bodies, it refers exclusively to the wages and salaries to be paid. The $4 and $6.75 mentioned as the upset manufacturing prices are somewhat misleading, as it is impossible, in the absence of comparative prices, to estimate what will be the cost of these shells. In addition to the wages and salaries paid in connection with their manufacture, there must be added the cost of the material and other overhead charges, as mentioned in the contract, and to which I have referred.

I think it rests upon the government to explain why there has been delay in connection with the delivery of these shells. The contract states that delivery must begin, in one instance, within nine months of the date of the installation of the machines and commencement of the machining of the shell bodies, and, in the other instance, the 4·5 inch shells, within twelve months. The items of cost have been fixed and are stated in the contract as beginning on March 15, 1938. Almost an entire year had elapsed on February 3 when the minister indicated that no deliveries had been made. Upon computing

the charges which are fixed, and which the minister can best explain, I find that the government of Canada apparently is now liable to pay approximately $12,000 in this connection.

Mr. MACKENZIE (Vancouver): Absolutely incorrect.

Mr. MacNEIL: I have totalled the charges for electrical current, heating, taxes, water supply, maintenance and repair of railway siding, telephones, snow clearance, insurance premiums, rentals, depreciation and administration charges, all of which were to begin on March 15, 1938, and I find they total $12,209. I make it that that is approximately 8·27 per cent of the total maximum cost of labour, plus ten per cent. In addition we must take into consideration the expenses under the workmen's compensation act and other dominion and provincial labour legislation, the cost of the material used by the company which is to be furnished free by the government, the cost of wages and salaries—for only wages are fixed by the schedule—and ten per cent of such wages and salaries.

As I say, no deliveries have been made. As I read the contract the government is under an obligation to pay ninety per cent of the costs so stipulated, upon presentation of a claim by the company. I think the minister should take this opportunity to offer to the house an explanation as to the rumour which is in circulation that there is some dispute with regard to this matter, which accounts for the serious delay in delivery.

I refer also to section 9 of the contract which states:

> The party of the second party hereby agrees that the machining of said billets and forgings into shell bodies shall commence immediately following the complete installation of all necessary machinery tools, dies and equipment, and that delivery of said shell bodies shall be made as follows—

In the case of the 4·5 inch, within nine months, and in the case of the 18-pounder, within twelve months.

It is not necessary perhaps at this stage to go into further details with regard to this contract, but I think I have indicated why it should be thoroughly examined by the public accounts committee.

There is one other point that occurs to me upon an examination of this contract and other contracts awarded under the auspices of the Department of National Defence. In view of the fact that they are adopting a policy of assisting in the equipment of these plants —for after all in this particular contract the government has agreed to pay the costs of installation, the costs of conversion of equipment loan, the cost of transportation of equipment and the cost of additional equipment that may be required—I think the government should explain why they are establishing a virtual monopoly among favoured contractors for the manufacture of armaments in Canada. To pursue such a policy means, I contend, the establishment of a virtual monopoly; for it is to be assumed and expected that the government will be strongly influenced to place further orders with companies which have been established in this way.

I wish it understood that I am fully aware of the fact that Mr. Janin, the president of this company, is an engineer of repute. There is no question about his professional standing, but there is no evidence yet produced to show that at the time of the execution of this contract he was in command of the necessary facilities to manufacture the munitions in question.

It is also known that Mr. Janin is a staunch supporter of the Liberal party. I have no objection to his political convictions, but I contend that that in itself is not sufficient justification for placing a vital contract with regard to defence with a favoured contractor. I submit, Mr. Speaker, in view of the seriousness of the situation, that contracts particularly of the Department of National Defence should be placed with regard only to the national interest and without regard to considerations of political advantage.

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Speaker, I accept with the utmost pleasure the resolution moved by the hon. member for Vancouver North (Mr. MacNeil) to have this contract referred to the standing committee on public accounts. All hon. members of the house who were here a year ago will recall that on two different occasions I offered to have all contracts of the national defence department referred to this same standing committee. If the only desire of the hon. member for Vancouver North had been to have a fair investigation and examination of this contract all he had to do was to indicate this to the committee or to the minister. But he was absolutely compelled in the interests of propaganda and for the sake of creating distrust in the country to make this matter the subject of a debate in the house.

I should like, Mr. Speaker, to leave with the house very briefly the essential details of this contract, and in giving the reasons for the contract I should like, with the permission of the house, to lay upon the table two documents from which I am going to quote:

first, a report made by the then master general of the ordnance to the deputy minister, and thence to myself, on October 4, 1937, which gives comprehensive reasons why this particular contract should be effected; and second, the recommendation to council which was signed by myself on November 1, 1937. As I shall quote from these documents I should like, under the rules of the house, to lay them on the table, and I am sure that my hon. friend the leader of the opposition (Mr. Manion) and any other fair-minded member of the house upon reading them will be convinced that this contract is definitely in the public interest.

May I first quote three brief paragraphs from the recommendation to council:

The method of acquiring such a plant has been the subject of careful consideration as it is realized that in an emergency very large quantities of shell of different types would be required with the least possible delay. In order to develop the industry of shell-making in Canada, orders have been placed for shell steel and other raw materials required in the manufacture of shell, and deliveries are now being made.

My second reference is this. I quote again from the recommendation to council:

A practice of the war office in connection with such types of plants is to provide special machines required for machining operations and to install the machinery in the plant of a selected firm for operation.

We in this case, Mr. Speaker, followed exactly the practice of the British war office, but evidently that is not good enough for our critics at this time. I quote further:

After full consideration, it has been suggested by the technical officials of the department that the war office practice be followed and that the Department of National Defence purchase the machines necessary for the manufacture of steel billets and forgings into shell bodies, and install the machinery in a plant suitably located for use as a model and auxiliary plant in close proximity to the source of supply of raw material and having available satisfactory transport facilities by road, rail and water, and located in a district where ample skilled labour of the type required is available.

My last quotation from the recommendation to council is this:

A proposal submitted by Montreal Construction, Supply and Equipment Limited, to operate such a plant on a cost plus basis in accordance with the provisions set out in the draft agreement attached hereto, has been considered fair and reasonable by the interdepartmental committee on the control of profits on government armament contracts.

We had the reasons there for taking this step; and we had the safeguarding supervision of a very eminent body of the ablest civil servants in the Dominion of Canada.

Mr. MANION: May I ask my hon. friend a question? I know nothing about this matter except what I have learned in the last hour or two, but may I ask, did the interdepartmental committee recommend Montreal Construction Company for this contract?

Mr. MACKENZIE (Vancouver): What probably happened was this, that the suggested agreement with the Montreal Construction Company was referred to the interdepartmental committee, and they referred it back with a recommendation as being a fair and reasonable contract.

Mr. MANION: If I may ask a further question, did any other companies submit a form of agreement such as this which was later submitted to the interdepartmental committee?

Mr. MACKENZIE (Vancouver): There were two other companies investigated by the departmental officials from the point of view of contiguity to supervision by the superintendent of the dominion arsenal at Quebec, but the propositions they advanced were not considered satisfactory, while this one from Montreal was considered financially and in every other way satisfactory to the department.

As I do not want to detain the house I shall now summarize the various points.

Mr. COLDWELL: Satisfactory to the Department of National Defence, or to the interdepartmental committee?

Mr. MACKENZIE (Vancouver): To the officials of the department from the point of view of the preliminary proposals made. I do not think they had the necessary facilities to justify a report being made to the interdepartmental committee.

Mr. COLDWELL: There was no representation or report from the interdepartmental committee to the government on this contract?

Mr. MACKENZIE (Vancouver): I should be very glad to answer my hon. friend in the public accounts committee; but my recollection at the moment is that there was none.

I want to refer to an editorial which appeared two or three days ago in a local journal, and which suggested profiteering in regard to this contract. I do not blame so much the hon. member for Vancouver North (Mr. MacNeil), who believes in the socialization and nationalization of everything. That is the gospel of his party. But I tell him, from the point of view of practical administration, that although I am a believer in national ownership and public ownership so far as it is

possible to apply it, there are occasions when one must combine the principle of national ownership with the principle of government cooperation with private industry in order to obtain effective and immediate results. That is what happened in this case.

The total amount payable under this contract in respect to actual machining costs is $147,500, and the maximum profit available to this company is $13,410, for six months' work. Is there anyone in this house who would say that that is profiteering? The company install the machinery free of cost, without a single cent of charge to the government, and they have already produced over 700 shells; seven hundred and forty will be completed to-day. Those shells have been tested; they are equal in quality and workmanship to the very best ever turned out by the dominion arsenal. They are the product of our own Canadian workmen, and results are being produced for the Department of National Defence. I say that the machinery was installed at cost, without profit. The contract is mentioned as a cost plus, but the ten per cent profit is only on wages and supervision costs; no profit is paid on overhead expenses. The rate of wages is controlled by the department. I may tell my hon. friend that that has had something to do with some of the delays in commencing production. Machining operations are subject to supervision by the superintendent of the dominion arsenal at Quebec. The contractor is required to maintain a cost accounting system the records of which will be checked periodically by the superintendent of the dominion arsenal. Resident national defence inspectors under the direction of the chief inspector of arms and munitions inspect and gauge the shells in the various stages of production. A penalty wastage clause is provided in the contract, so that poor workmanship will reduce the profit.

Coming to the question of prices: a suggestion was made the other day in a journal of this city—not in the *Journal,* in a journal—that there were unfair prices. On the 18-pounder shells the difference between Canadian and British prices is as follows: the price of an 18-pounder shell in Great Britain is about £1, and when you add to that the various charges which it is necessary to add before you could deliver that shell in Canada, even could we acquire them, the price in Canada would be $5.85; and the price under this contract is $6.14. In other words, it costs twenty-nine cents more to produce them in Canada, giving work to our own Canadian workmen, than to import them from England. That is the contract which my hon. friend from Vancouver North would seek to condemn.

With reference to 4·5 inch shells, the British price, landed in Canada, has been estimated by the former master general of the ordnance at $9.25. The cost of shell forgings, as many hon. members will know, is $1.36 more per forging in Canada than in England. So that if the order to this or any other company had been 30,000 shells, instead of the small order of 10,000 which they received for the 4·5 Howitzer shells, the cost would be in Canada $9.89, or an increase of 63 cents over the cost of the British shell delivered in Canada.

In the article in question I find this, that the cost of machining came down during the war to $1.20 per shell. If that were true I should not be surprised, as a resut of the organization and the mass production of that very strenuous period. But I happened to read the presidential address of Mr. A. H. Vaughan, president of the Engineering Institute of Canada, delivered on February 10, 1919, on the manufacture of munitions in Canada. It indicates that the lowest cost reached on machining and assembling 18-pounder high explosive shells was $1.50—not $1.20—per shell on a production of 1,200,000 shells. I am sure that an order to-day, not only to this plant but to any well organized plant in the Dominion of Canada, of 1,200,000 shells, would enable them to be produced for $1.50, the same as they did towards the end of the war. On the 4·5 inch Howitzers the lowest price reached was $3 per shell—on what? On a production of just under 3,000,000 shells. And here you have 10,000 shells. Can you compare the conditions? Can you compare the prices? Can you compare the circumstances? Yet editorials accuse us of profiteering.

The sole desire of the department was to establish a basic price so that if an emergency arose we should know how cheaply these things could be done; and we did it to prevent profiteering, not to assist it.

The article in question says that the government plants are being stripped of machinery to equip private manufacturers. That statement is not based upon fact. In this case two small machines which were not in use were transferred to the plant in question. Their combined value is $1,500. That is how we are "stripping government factories to equip private manufacturers."

With regard to the Lindsay arsenal I may be asked, why did you not use Lindsay? Well, the answer is this. It was a cardinal

and considered feature of departmental policy two years ago, when this contract was entered into, that the Lindsay arsenal should be preserved as a reserve base for the manufacture of small arms munitions. Hon. gentlemen will recall that during the war, whereas many companies were able to manufacture shells, only one in the dominion was found to manufacture small arms ammunition. To-day, with a greater development than ever of machine gun and infantry fire, there is nothing in the whole service equipment so necessary as is small arms ammunition. I want to say frankly that if my wishes should prevail, and I hope they will, Lindsay arsenal will be developed either in regard to the production of small arms ammunition or possibly for the production of shells such as are being made in this private plant. This was intended to be entirely a model pilot plant, and one of the clauses of the contract is that every manufacturer in Canada shall have complete access to it for inspection purposes. All the new machinery which is there belongs to the crown. It may be removed, if it is considered necessary to do so, either to another plant or to a government owned factory after this contract is completed.

The entire object of this contract, Mr. Speaker, was to place an educational order. It was not in any sense of the word a commercial order. I want to tell my hon. friend from Vancouver North that, so far from there being profiteering on this contract, the sole desire of the department was to see how efficiently private industry—we knew already what the dominion arsenal could do—could cope with the situation, so that if we had once again a crisis such as occurred last September, or others which have developed since, and if we were compelled as a result of the free judgment of this parliament to meet an emergency of national magnitude, we should know what fair prices would be so far as private industry is concerned, in regard to these contracts.

Last year I offered to refer all these contracts to the public accounts committee. If my hon. friends across the way wish to have any more contracts referred to the committee they can take my assurance now that any contract ever passed in connection with national defence is at the disposal this year of the public accounts committee. Let them desist from making speeches here for purposes of propaganda and let them go before the standing committee on public accounts. I deem it a duty to myself, to the government of which I am a member, to hon. members of this house and to the country to have the real facts of the case ascertained; and when those facts are brought out all this scurrilous propaganda will be dissipated once for all.

Hon. R. J. MANION (Leader of the Opposition): I wish to say a few words regarding this matter. I have listened attentively to the Minister of National Defence (Mr. Mackenzie). As a matter of fact, I was not entirely familiar with this question until about noon when I began to look over the contract and I saw the terms of it as the hon. member for Vancouver North (Mr. MacNeil) has laid them before the house. I must confess that they do seem rather extreme; practically everything is paid by the government and a price is made—a price which certainly, according to the minister, is very much higher than the price of any such shells would be under mass production. I admit, of course, that in this regard the minister has an argument, because the commencement of production of this sort would naturally be more costly than mass production which would come later. I tried, however, to listen as closely as I could to the hon. gentleman as he read selections from the order in council which he put before the government, and if I understood him rightly he indicated that this company was a selected firm—the term he used in his answer to the question asked by the hon. member for Vancouver North. By order in council the Department of National Defence selected this firm. I understood him to say that it was passed upon by the interdepartmental committee, and yet in reply to my question—he will correct me if I am wrong—

Mr. MACKENZIE (Vancouver): Just the contract itself.

Mr. MANION: The Montreal Construction Supply and Equipment Company was chosen by the Department of National Defence, then, and not by the interdepartmental committee.

Mr. MACKENZIE (Vancouver): That is correct.

Mr. MANION: That is what I understood. In other words this company was selected by the department itself just as the company which was awarded the Bren gun contract was selected—in exactly the same manner. It is true that this contract is not a large one. It is true that it might be termed a pilot plant, as the minister has suggested. Nevertheless there are a number of points about the contract that puzzle me.

I understand that the Montreal Construction Supply and Equipment Company is the same concern that is building the new Ottawa

post office under a contract amounting to $632,500. It is the same concern that is carrying out this work, under another name. Well, why should that company, of all companies in Canada, be chosen to manufacture shells at this time? As the hon. member for Vancouver North has pointed out, there are in this country many companies which are in possession of much more suitable plants for the purpose here intended than the Janin company or the Montreal Construction Supply and Equipment Company, and I do not understand why the Department of National Defence, and through it the government, should lay itself open to the statement made by the hon. member for Vancouver North, justly I think, that it is choosing political friends to carry out contracts of this kind. Why should the government lay itself open to that charge unless it had some motive that is not disclosed in the contract?

In Canada in the years to come, I hope in the very near future, undoubtedly there is going to be construction of munitions on an enormous scale. Why, therefore, should the Department of National Defence select, for the manufacture of shells, a company which, so far as I know—and I presume so far as the government knows—has not in the remotest degree any experience in the production of shells? Why should the government choose this particular company to manufacture the first shells that are to be produced in this country at this time? It strikes me as a most extraordinary procedure.

The minister rose and in a rather indignant manner—he was not as indignant as he was on the last occasion when he discussed a similar subject in this house, but he was indignant nevertheless—he attacked the hon. member for Vancouver North because that hon. gentleman brought out some points which, to use the vernacular of the street, would hit anybody in the eye on reading the contract. The minister attacks the hon. member for bringing out these points, and very vehemently he assures us that he is only too anxious to have all these contracts investigated by the public accounts committee. Yet this very contract to which he is referring was let on November 17, 1937, and tabled here only on January 13, 1939, a year and two months afterwards. Why is that? Why was this contract not tabled sooner?

Mr. MACKENZIE (Vancouver): There was no obligation to table the contract.

Mr. MANION: Of course not; but since the minister gets so heated about the questions asked by the hon. member for Vancouver North, I now ask him why all these contracts should not be tabled.

Mr. MACKENZIE (Vancouver): If that is the will of the house it shall be done.

Mr. MANION: So far as I am concerned it is the will of the house. Personally, I believe that any contract of this sort should be tabled—I am speaking of munitions contracts. These contracts are in a class by themselves; they are in a different category from any other business of the government. It is my desire, at any rate, that every contract let, dealing with munitions or armaments, be tabled at the earliest possible moment.

Mr. MACKENZIE (Vancouver): I shall be glad to oblige my hon. friend.

Mr. DUPUIS: Was it done during the last war?

Mr. MANION: I was not here during the last war, and I do not care now what was done then. If we did things wrongly during the last war, then that is all the more reason why we should do them properly now. I am not going to stand here and say that everything was done properly during the last war. I presume there were mistakes and irregularities. I say that now, with the experience of the last war before us, we should play the game and inspire the confidence of the people of the country, and not allow them to think of the Liberal party and the Conservative party, if you like, as nothing but money collectors endeavouring to win elections. That is what the paper which the hon. gentleman quoted suggests. If I understood him correctly, he quoted from the Ottawa *Citizen*. That newspaper has made certain statements in the last two or three weeks and I suggest right now to the Prime Minister (Mr. Mackenzie King) that the editor should be brought before the bar of the house and be required to give, what I know he cannot give, one tittle of evidence that either the party opposite or this party has collected money improperly. He has made that statement, and I thought a few times of saying what I have just said. I might as well "get it off my chest" now. The Ottawa *Citizen* has been making these statements and I have wondered why the Prime Minister did not stand up on a question of privilege, not only on behalf of the whole house but on behalf of the government of which he is the head, and demand that the editor of that newspaper be brought to the bar of the house and required to give proof of the filthy charges he has been making against the right hon. gentleman and against the Conservative party.

I invite the Prime Minister now, when he gets up, to back me up and I will back him up, to have the editor brought here to prove his charges.

An hon. MEMBER: Nobody pays any attention to him.

Mr. MANION: I am not so sure. I believe that one of the things that damage democracy in this country to-day is this very type of irresponsible statement that is being made. I believe in democracy; I believe in the present economic system. I am not a socialist and I do not agree with my hon. friends to the left who are socialists. I repeat, I believe in democracy and in the capitalist system, but I also believe that we must correct its imperfections if we are to maintain it. Indeed, I have intended for some days to go across the floor to the Prime Minister and make the suggestion that I have just made. I am making the suggestion in all seriousness. I should like to see the editor of the Ottawa *Citizen* brought there and invited to prove what he has been charging. I do not think he can prove anything against my right hon. friend; I know he cannot against me, and I do not think he can against my predecessor or the party I am leading. If he can, let him come and do it.

Because of that statement in the Ottawa *Citizen,* charging the very things that the minister is defending himself against, for that if for no other reason I say that these contracts, all of them, the minute they are awarded, should be laid on the table of the house. During the discussion of the Bren gun contract I took the position, and I repeat now, that in this country there is nothing that should be dealt with with cleaner hands than munition contracts. They should be so dealt with that the government cannot be charged with partisanship or favouritism or improper procedure. They are in a different class from anything else.

I said here in the debate on the Bren gun contract that I understood that there would be a certain amount of political patronage. I suppose it will go on; I do not believe that my hon. friends in either group to my left, if they were in power, would be entirely free from political patronage. It would be a queer group, whether Liberals, Conservatives, Social Crediters, Cooperative Commonwealth Federation or anything else, who would not, where everything else was equal, give a little favour to their friends. I am not hypocrite enough to take any other attitude. Some of that is legitimate. I do not want one sentence from my remarks taken out and used against me, as some of my friends have been doing in connection with that book I published—picking out one sentence from its context. I do not care about it; it does not interest me. I have not read the infernal book since it was printed. I have never bothered even checking up the statements which have been made with regard to it; I do not care anything about it. I am sure I could bring up more charges against the right hon. Prime Minister in connection with his two books than he can against me for mine—

Mr. DUNNING: The hon. gentleman ought to be proud of it.

Mr. MANION: I am glad the hon. gentleman thinks so. My hon. friend was one of the first to congratulate me. I almost imagine I must have praised him in the book, though I do not think I did.

However, coming back to this serious discussion—because to me this is a serious matter—I submit that, as the minister has agreed, in future all munitions contracts should be tabled as soon as they are made. We had the same experience in regard to the Bren gun contract. I asked the minister why it had not been tabled, and he said no one asked that it be tabled. Suppose we do not know anything about it. Until the hon. member for Vancouver North put this motion on the order paper I did not know there was a contract with the Janin people; how could I ask to have it tabled? I say it is the duty of whoever is in charge of the Department of National Defence in the future to table all contracts of the kind.

Again I ask, why should a building contractor, a man who to-day is erecting the post office building in Ottawa, who is not an industrialist—why should he, of all contractors in the country, have been chosen? The hon. member for Vancouver North has very good justification for suggesting, as he did, that it was because Mr. Janin is a strong supporter of this government. I do not say that in the way of finding fault with Mr. Janin; I presume even if a man is a contractor he has to take some side in politics. But I do not think the minister or the government should have left themselves open to that suggestion.

I will tell the house why I am particularly anxious about this. I need only refer to what I said outside the house last Friday and Saturday in Toronto and Ottawa, with no political suggestion. I pointed to the chaotic conditions in the world, not only with two wars actually proceeding, but with the fundamental struggle that is going on between democracy and dictatorship. I pointed this out in my remarks in the Bren gun discussion, and I point out again to-day that there

could be no greater prize for any world conqueror, such as Hitler if he should become one, than this great dominion. Therefore as far as I am concerned I supported the right hon. gentleman in his statement placed in the mouth of his excellency in regard to defence. We must have defence forces in this country; we must be ready to defend ourselves. We have no right to depend on either Great Britain or the United States to defend us if we get into trouble; we should defend ourselves. I am told—and the minister can correct me if it is wrong—that for the $70,000,000 spent for defence in the last year or two we have almost nothing—

Mr. MACKENZIE (Vancouver): That is not correct.

Mr. MANION: Well, the minister will have a chance to deal with that. I am stating what I have been told by competent military men in this country, men who are much better qualified to speak than the minister or myself —I am not a military man at all and the minister is about the same kind. That is the statement made to me by outstanding military men for whom I have the utmost respect, that we have practically nothing in the way of equipment for defence in this country. We have $63,000,000 in the estimates at the present time for the Department of National Defence, which in a sense is the biggest spending department in the government except the Department of Finance, and that is not really a spending department, because it is paying the interest on the national debt. Therefore the business of the defence department should not be handled in a slipshod manner. There should not be any of this business of picking out some friend and giving him a contract.

The minister admits that in choosing this company the proposals of other companies were not submitted to the interdepartmental committee. I ask my right hon. friend when he is on his feet—apparently he is going to speak—to tell me if he thinks it is right that one company, I do not care whether Liberal, Conservative or what, should be chosen, as the Inglis company or as this company was, to the exclusion of all others. After all everyone who has any possessions at all in the country is paying taxes, and many who have not; therefore all who are capable of doing the work should have a right to look into these possible contracts. In the future there should be no more of this hole and corner business—I say that upon consideration—of picking out one company; let us give a fair deal to all. We must have better methods than anything shown in the Bren gun discussion in connection with the purchase of munitions in this country.

Having listened to the remarks of the hon. member for Vancouver North, I think he has done a service to this house in bringing this matter up; he does not deserve abuse for it. He drew his conclusions as he would have to and as I did. From about 12.30 to-day, except when I was at my lunch, I was looking over this contract and I found a number of things, some of which the minister has explained. But how can an hon. member know what these things indicate until they are explained? This matter should go to the public accounts committee, and I know that the government is willing that it should; but instead of abusing the hon. member the minister should thank him for giving him an opportunity to explain. I do not wish to be unfair or supercritical, but the minister's explanation is not good enough, nor is this method good enough to be followed in future purchases of munitions. A better system must be instituted very quickly if confidence in democracy is to be preserved in this country.

Mr. BOTHWELL: May I ask a question of the hon. leader of the opposition before another hon. member proceeds? I should like to ask whether it has not been customary to table these contracts, and would it not have been reasonable to ask for the tabling of this one without a political speech being made such as was made this afternoon by the hon. member for Vancouver North (Mr. MacNeil), particularly in view of the statements made by the Minister of National Defence (Mr. Mackenzie) last year?

Mr. MANION: As I said, I do not see how anyone can ask to have contracts tabled until he knows about them. I think the hon. member's motion is perfectly proper. Until the minister spoke this afternoon no one could have known the details of this contract. I think the hon. member for Vancouver North drew conclusions some of which perhaps are not right. But he had nothing to base them on, except what he read in the contract. I say that personally I believe he did a service, and drew conclusions which were just, in view of the information which he had.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, may I say on behalf of the group with which the hon. member for Vancouver North (Mr. MacNeil) is associated, that we object to any hon. member endeavouring to impute motives when we place a matter of this sort before parliament. After all, the people of this country are interested in what is being done with munitions contracts.

Mr. DUNNING: Not in what my hon. friends say about them, but in the facts.

Mr. COLDWELL: Yes, in the facts. Recently we had a long discussion about the Bren gun contract. The contract at present before the house was entered into fifteen months before it was tabled, and to complain that the hon. member for Vancouver North might have spoken to the minister is, in my opinion, entirely beside the point. Moreover, while I was not in the house during the last parliament, I read *Hansard*, and I think the very last member in the house to make any protest against matters being raised in the house, as this was this afternoon, should be the Minister of National Defence (Mr. Mackenzie). I am objecting to that air of injured innocence which he has exhibited today.

We are anxious to know why it is that the government, which through the Prime Minister (Mr. Mackenzie King) has laid down a policy, has departed from that policy.

Some hon. MEMBERS: No.

Mr. COLDWELL: We want to keep that continually before the house and the country, because we believe, rightly or wrongly—and I believe rightly—that there is no more sinister force in the world to-day than the private armament industry. We are determined, so far as we can, to arouse public opinion against that danger. This contract, as the hon. member for Vancouver North has rightly said, does in effect begin to set up a monopoly in the making of munitions in this dominion.

Mr. DUNNING: No, no.

Mr. COLDWELL: Oh, yes; oh, yes. The equipment is placed in the building. It is there; and when new contracts are to be made, these companies established through government cooperation will have the equipment and be able to have, as it were, an inner track in any competition for such contracts which may follow.

The minister says he is following the British war office practice. I wonder whether that is always a recommendation? When I think of the policy of the present national government in Great Britain in other fields, I would seriously question whether we are right in following blindly that lead. In connection with munitions contracts may I point out that only last week in the British parliament members of the House of Commons criticized the government for such contracts. Charges were made that some of the contractors in Great Britain supplying the government with aeroplanes, and all sorts of war equipment, were making profits as high as forty per cent. Should we follow the British war office practice in that regard? I certainly think not.

Moreover, as a result of the debate in the British House of Commons a week or ten days ago, the government has been compelled to reduce the amount of some of those contracts. Then we are told that of course there is no political patronage. I hold no brief for the editor of the Ottawa *Citizen*, or for that newspaper; but I am going to say this on his behalf, that I sat in my place in the house less than one year ago and heard the leader of the opposition of that time discuss political patronage and make statements which, in my opinion, ought to have been investigated. But neither side of the house moved to make such an investigation.

Mr. DUPUIS: Did the hon. member?

Mr. COLDWELL: We suggested that they should be investigated. May I also say that these suspicions regarding campaign funds are, in my opinion, well founded. When I add up the amount of time used by hon. gentlemen opposite and the cost of that time over the radio, and when I add to that the cost of their newspaper advertising, and add to that the cost of their billboards—

An hon. MEMBER: Stick to the subject.

Mr. COLDWELL: I am sticking to the subject, because it has been said—

An hon. MEMBER: The hon. member is not imputing motives now!

Mr. COLDWELL: —because it has been said there is no political patronage, and the outrage of campaign funding—if I may put it in that way—is unfounded. When I see all these millions of dollars expended for the election of members to parliament, I come to the conclusion that there must be substantial funds coming from somewhere, and that he who pays the piper calls the tune.

I have, of course, not forgotten the Beauharnois story, and the descent to the valley of humiliation by hon. gentlemen opposite. So I say that when we have this sprouting of angels' wings in connection with campaign funds, I look a little beyond the statements that are made here.

Now we have this contract. I agree with the leader of the opposition (Mr. Manion) when he says that the hon. member for Vancouver North performed a public service this afternoon. The minister spoke about the cost of these shells in Great Britain. He led the house to believe that the cost there was £1, and that we are paying just the trifling sum of twenty-nine cents more than if the shells

were imported from England. The general impression in the house, I would take it, would be that $4 for the smaller shell and $6.75 for the larger shell is the maximum cost. Yet, when we look at the contract, what do we find? We find that is a cost, but there are certain things to be added, which were enumerated by the hon. member for Vancouver North, making a gross cost for those shells higher than the amount placed before the house this afternoon.

Mr. VIEN: There is nothing hidden; everything is disclosed.

Mr. COLDWELL: Everything is disclosed, but in the argument presented there was placed before the house a conclusion which, even under the terms of the contract, I say was not warranted. More costs are to be added on account of the overhead and the administration specified in the contract itself. So I am supporting the hon. member for Vancouver North.

If we look at the summary of the contract we find the government is to supply the company with all billets, forgings, base plates and driving-band rings, special paint, varnish, packages and boxes required for shells, machinery and tools, dies and other equipment. That is to be found in sections 2 and 3.

Mr. MacNICOL: What is the company to supply?

Mr. COLDWELL: The government is to supply these materials without charge to the company. Then, the government is to pay for the installation of all machinery, tools and equipment. The government is to pay for such conversion of the company's plant as may be necessary for the purposes of the contract. The government is to pay the cost of dismantling and moving the machinery, et cetera, and of replacing the plant in its original condition, when and if the government does not require the company's services any longer. The machinery, tools, dies and equipment are to be the property of the government. The government is to make all minor repairs to the plant and equipment.

Mr. MacNICOL: Worse than the Bren gun contract.

Mr. COLDWELL: The 10,000 Howitzer shells are to be delivered within nine months, and the 20,000 18-pounder shells within twelve months of the date on which machining commences.

We have been told of the urgent necessity for this kind of equipment, and for munitions. This afternoon the minister tells us that to this date how many have been delivered?— between 700 and 800. I believe he said 780 had been delivered, although I may have forgotten the exact figure.

Mr. MACKENZIE (Vancouver): I think it was 740, with an additional 1,860 in process of being completed.

Mr. COLDWELL: According to the minister's answer in the house, none had been delivered prior to February 3 of this year.

Mr. MACKENZIE (Vancouver): I think tests were made after that.

Mr. COLDWELL: Then we have the fixed amounts, read by my hon. friend, amounting to $12,209.80. As he pointed out, that amount equals 8·27 per cent of the total cost of labour, plus ten per cent. Some one to my left has asked what the company supplied. I should not care to answer that question until the matter has been investigated by the public accounts committee. I think we may say that the government pays for all supplies, machinery, tools, equipment, materials, installation, repairs, dismantling, overhead costs, depreciation, administration expenses and all labour and salary costs. In addition, the government pays ten per cent profit on all labour and salary costs.

We of this group are anxious that the business of Canada should be done to the best advantage. The minister says that we desire socialization of everything. That is not true and he knows it. I agree with him that there are circumstances under which the government is justified in entering into an agreement with a company for the provision of certain equipment. When we embark upon the expenditure of many millions of dollars for equipment of this type, the government's own policy requires us to manufacture these articles in government institutions as far as possible.

I am not going to discuss the Bren gun contract any further this afternoon; but I should like to point out that when the British government obtained the right to manufacture that gun in the dominion, it specified that they must be manufactured in government institutions. We find here at the very outset of this great program a deviation from that policy. As far as I am concerned, I support the hon. member for Vancouver North and all other mon. members who think as I do on this particular problem. I know this, that if it were not for party divisions we would find in all parts of this house men who thought exactly alike in relation to this particular problem. I urge on those who sit in other sections of the house to bring pressure to bear—

Mr. VIEN: I rise to a point of order. The hon. gentleman has no right to say what he has just stated. He has said that hon. members in some parts of this house were actuated by partisan politics when voting here. The hon. gentleman has no right to say that, and I ask that he withdraw.

Mr. COLDWELL: I did not say what the hon. gentleman says I said. If I imputed motives, I would withdraw the statement that imputed those motives.

Mr. VIEN: I insist on a ruling. The hon. gentleman has said that if we did not belong to a political party we would not vote as we do.

Mr. COLDWELL: If I may state again what I said, I said that I knew there were hon. gentlemen in all parts of this house who thought on this particular matter as I think myself. That is my opinion which has been formed by discussing these matters and having conversations with hon. gentlemen.

Mr. VIEN: A gratuitous assumption.

Mr. COLDWELL: No, not an assumption. an opinion based upon my knowledge of what has been expressed by hon. gentlemen in all parts of this house. All I did was to urge such hon. gentlemen to forego parties and to join with the rest of us in bringing to the attention of the government the necessity for eliminating private profit and the granting of private contracts in connection with the manufacture of munitions of war. I am glad that this contract is to go to the public accounts committee. I am glad that this discussion has taken place this afternoon. The minister says that the contract should have gone to the committee without discussion, but I say that this House of Commons is a democratic institution. It is an institution for precisely what it has been used for this afternoon. The more airing that can be given to opinions of members of this house—

Mr. DUNNING: Street rumours.

Mr. COLDWELL: This is a contract.

Mr. DUNNING: The hon. member for Vancouver North (Mr. MacNeil) spoke of street rumours and he has disseminated them all across the country this afternoon.

Mr. COLDWELL: The hon. gentleman's interruption—

Mr. DUNNING: Scattering suspicion.

Mr. COLDWELL: —is not well taken, because it is a contract we are discussing, not street rumours.

Mr. DUNNING: Oh, but it was.

Mr. COLDWELL: Ever since I have been speaking I have not mentioned street rumours.

Mr. DUNNING: The hon. member for Vancouver North did.

Mr. COLDWELL: The hon. member for Vancouver North based all his argument on the contract. He suggested that in view of certain street rumours it was well that we should look into this matter in order to stop them. I submit that it is in the interests of the government that these matters should be investigated publicly and discussed publicly in this chamber.

Mr. W. A. WALSH (Mount Royal): Mr. Speaker, this contract was let to a firm in Montreal, and I come from that particular district. Without wanting to cause any offence to the Minister of National Defence (Mr. Mackenzie), or to bring about any violent eruptions on his part directed to myself at a later date, I should like to give my support to the motion moved this afternoon by the hon. member for Vancouver North (Mr. MacNeil). This particular firm was not in the machine-shop business prior to obtaining this contract. When we have so many machine-shops in Canada so well equipped to carry out work of this kind, I cannot see why a contract for shells should have been given to a firm not regularly engaged in the machine-shop business and not equipped in any way to carry out such work. I do not think there is any particular need to get all "het up," as the Minister of National Defence did. This is a matter of business. The hon. member for Vancouver North placed before this house certain information which would lead anyone with an unbiased mind to feel sure that the Department of National Defence was not being run in a businesslike manner at the present time.

This is one instance where business principles should be put into effect. Such a policy would save the ratepayers of Canada much money and would also give us a more effective and businesslike administration. I am not speaking disparagingly of the minister himself. I made that abundantly clear when I was discussing the Bren gun contract. I recognize the ability of the Minister of National Defence and that he is a man who should have the respect of everyone in the house. I am not gainsaying that point in any shape or form, but I do say that we in this parliament should give the Canadian people a clear understanding that we are proceeding in every respect in a businesslike manner in conducting the affairs of this country. Recently we have

been flooded with ballots. We read daily in our newspapers the suggestion that the conduct of business in this house is not as it should be. The blame is attached to the government where it naturally belongs, because they are the ones who are conducting the business of this house, and it is just such contracts as this that are undermining the confidence of the Canadian people and making them feel that as we are now constituted we cannot give Canada a lead in so far as business administration is concerned.

If there is one place where competitive bids could have been obtained, it was in the manufacture of these shell casings, because there is nothing at all complicated about them. In the Bren gun inquiry we heard a great deal about the delicate machinery required for the manufacture of this complicated weapon; but here is something that requires simply machine shop-skill and precision, and any machine-shop is in a position to tender on the production of shell casings and on complete shells or parts of shells.

I feel that the government in this instance should have established the principle, of which they have frequently boasted, of competitive bids for work of this kind, and then they would have been able to establish what has been referred to in this house as a basic price. It is a generally accepted principle of business that the best means of establishing a basic price for any article in any industry is to have competitive bids on that article, and there were at least seven firms in eastern Canada and there might have been other firms in western Canada which could without any difficulty have submitted competitive prices for the manufacture of these articles.

What do we find? We find no competitive prices. We find no firms invited to give prices or submit suggestions. We find one firm given the contract without any competitive bids. It might have been just a coincidence —I cannot say whether it was or not—that the head of this firm happened to be Mr. Janin, a well known and recognized Liberal in the district of Montreal. I say it might have been merely a coincidence that the contract went to a company whose president happened to be a Liberal in politics. But, coincidence or otherwise, the Canadian people are again going to say with regard to this contract: "Here is another case of political advantage operated through the Department of National Defence"—when the Department of National Defence should be endeavouring to get the best possible equipment at the lowest possible price so as to give the people the maximum service in connection with the defence of our country.

[Mr. Walsh.]

I should like to urge that point because I have heard the Prime Minister (Mr. Mackenzie King) and the Minister of National Defence say on more than one occasion that which is quite contrary to the principle involved in the letting of this contract. I should like to see them get back to the competitive price system so that we may be able to establish a business in this dominion of manufacturing armaments without having every contract of the national defence department brought up and debated on the floor of this house. What a black eye it is for this government to have debated in parliament contract after contract let in the same way by the Department of National Defence! The government are not withdrawing one iota from the privileged contractors. They are setting up this man and this firm in business, and equipping his plant to turn out this initial delivery of shells. That company is now in a preferred position when it comes to submitting a bid in the future against other firms which are in the field now and are willing to submit prices.

I hope, Mr. Speaker—and here I am directing myself more particularly to the Minister of National Defence—that he will table immediately all contracts that have been let in the past two years, so that we may have a complete investigation into them all, and then consider them a closed book; and from then on start on a new basis with a business-like administration given by the Department of National Defence, so that the Canadian people will be warranted in having a certain degree of confidence in the manufacture of armaments for the defence of their country.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, since the departure of the former leader of the Conservative party and official leader of the opposition, I have felt at a great loss, that somebody was missing from this house, and I was looking for someone to replace the right hon. gentleman in my affections. I think now I shall choose the hon. member for Mount Royal (Mr. Walsh), who has just spoken, to be my pet colleague, and whenever I have an opportunity to listen to him he will remind me of his dear, illustrious leader, although my hon. friend was not one of the three members of the official opposition who accompanied his late leader to the Union station on the day he left.

Mr. WALSH: Mr. Speaker, may I disclaim the high and distinguished honour that my hon. friend is planning for me.

Mr. POULIOT: I see, Mr. Speaker, that my choice is appreciated, and if it is not accepted, it will be imposed on the hon.

gentleman. If his former illustrious leader had tears in his eyes when he felt at the station that he was like an orphan abandoned there, it was because only three of his former supporters were at the station to see him off.

Mr. SPENCE: Why bring that up?

Mr. POULIOT: And the hon. member for the west end of the city of Montreal was not one of them. Then his former leader mumbled a few words, which were understood by those around to be the English equivalent of "Et tu, Brute."

Mr. SPEAKER: Order. The hon. member is not speaking to the motion before the house.

Mr. POULIOT: No, sir, I am expressing my deep feelings, and now this matter having been settled by agreement, I come to the motion before the chair.

The hon. leader of the opposition (Mr. Manion) has found something wrong in the fact that the company was chosen by the department itself instead of by the interdepartmental committee. As a member of this house, I do not believe in any interdepartmental committee. I do not see why any group of civil servants should have to do the work of the government. Whenever any contract is awarded, the government has no reason to lean upon the shoulders of any departmental official or upon any group of departmental officials. The government must come to the house and take responsibility for what the government has done.

I do not see who were the experts, and what they were, in that interdepartmental committee considering the profits to be made in the manufacture of armaments. Any one of these gentlemen might have been an expert in his own particular branch; but very few of them were experts in the manufacture of munitions, and the only one of them who knew anything about the manufacture of munitions belonged to the Department of National Defence. Therefore I do not see why one should rely upon such an interdepartmental committee to decide whether a contract should be awarded either to Mr. Janin or anyone else. In fact it was noted by Commissioner Davis that the delays with regard to the signature of the Bren contract were as much on account of the interdepartmental committee as on account of the evident incompetence of Colonel Orde, the judge advocate general. I hope that when this contract is submitted to the committee, the first witness to be heard on the contract as well as any other gun contract will be that same Colonel Orde, and then it will be illuminating to members of the committee to learn what is the trouble in the Department of National Defence. My contention is that whenever a man is incompetent, another man should be put in his stead. Any incompetent man in the civil service should either be superannuated or should remove himself gently from the picture, but he should be replaced at once by a competent man, and then we would need no interdepartmental committees of any kind.

There is another statement which was made by the leader of the opposition. He asked, "Why pick such a company? It is an extraordinary procedure." Why is it an extraordinary procedure? What was there wrong about the fabrication of the guns by that company? Nothing at all. In this house we have the reversal of that well known and elementary principle of British justice, that no one shall be considered guilty until he is found guilty. From the able speeches which have been delivered by the hon. member for Vancouver North (Mr. MacNeil), the leader of the opposition (Mr. Manion), the hon. member for Mount Royal (Mr. Walsh), the hon. member for Rosetown-Biggar (Mr. Coldwell), and others, it is apparent that they assume there is something wrong although they do not prove it. Of course they want to know about the matter, but why put the blame on the minister until everything is made clear to them? The leader of the opposition said, "So far as I am concerned it is the will of the house." Probably that was a slip of the tongue, because it was the practice of his illustrious predecessor to assume that his own will was the will of the house. I know very well that the hon. gentleman who now performs the high functions of leader of the opposition is, as has been said of him, a man of human characteristics, and the expression was probably a slip on his part.

But who is to blame if the contract has not been placed before the house until within the last few days? Every one of us; those sitting to your left, Mr. Speaker, as well as those sitting to your right. Nobody asked for the contract. The minister has many things to do. He complies generally with every reasonable request which is made to him from any section of the house. Whenever an hon. member wants information, he has only to put his motion on the order paper, and very seldom is his request refused. Until now only one minister in the whole cabinet has refused me reasonable information or has objected to my statements about civil servants. All the others, including the Prime Minister (Mr. Mackenzie King), the Minister of National Defence (Mr. Mackenzie), the new Postmaster General (Mr. McLarty), the Minister of Public Works (Mr. Cardin),

have always complied with my requests. Very seldom has the government refused any information which was asked for. Of course they have not a faculty apparently possessed by some hon. members; they are not mind readers, and they do not know what is behind the heads of hon. members. But when a member wants any information which can be reasonably disclosed, he has only to ask for it. Then why blame the government for not having produced the contract before? That is something I cannot understand. That is my first point.

My second point is, that as soon as an hon. member gets any information from the government, whether in the form of a copy of a contract or any other material, he looks at it with the idea that there must be something wrong in it, even though on the face of it there is nothing to support his suspicion. That is all wrong. I hope that in all our dealings together we shall come to accept the elementary rules of British practice. They are very easy to understand, and everyone knows them.

Now, sir, is it so wrong to favour our friends? It means in the first place one thing, that we have friends. Then it can be wrong only when that friend does not justify the amount which is paid to him either for work or for services. Moreover, we know our friends better than we know our opponents, because our opponents keep away from us, and we do not have the advantage of knowing them as well as those who support us.

One thing which surprises me very much is the way in which the fabrication of munitions is publicized, not only in the house but in the press. A distinguished soldier told me that it was easy for spies to cable very secret news about the armaments of this country and the United States, merely after having read the columns of some important papers which are published in New York, Montreal, or even Ottawa. I am surprised to see how readily news is released to the effect that a certain kind of gun, which most of the time is described in technical detail, is to be made at this or that particular place, and that this particular kind of shell is to be manufactured at such other place. The same is true with regard to aeroplanes and other kinds of military equipment. Because of this. I would suggest to the committee which will study the Bren gun contract or any other contract regarding the manufacture of munitions, that it should sit behind closed doors when it comes to the specific details of any piece of armament—not to prevent the press from being informed of what has been done by any statesman or politician, but to prevent the press from knowing intimate technical details about the construction of armaments.

For all these reasons, sir, it seems to me that it is not so bad to award contracts to those we know and to those we trust, in order that no secrets shall go outside. Of course there are many supporters of the leader of the opposition, of the Cooperative Commonwealth Federation group, and of the social credit movement, who can be trusted as regards the fabrication of armaments. On the other hand I have a very strong objection to the publication of tenders, thus giving specific technical details about the production of armaments to anyone who sends a cheque with his tender. This is another suggestion, by the way, but it explains in my humble view, although I have not discussed the matter with any member of the government, why at times it is decided to award such contracts to responsible business firms who are well known to the party awarding the contract. It seems to me, therefore, that this is a tempest in a teacup, and, of course, there is much exaggeration about it.

There is one thing that we must not lose in this house and that is a sense of proportion. It is most interesting to see anyone building a skyscraper on the head of a pin, but the skyscraper will not stand long because the foundation is not very solid, though it may look nice. Nothing is more beautiful than castles in the air, but we see them in dreams and not in reality. Therefore, as my hon. friends to your left. Mr. Speaker, as well as to your right, are practical men, I assume that we shall not attach too much importance to the statements that have been made this afternoon unless any one of those gentlemen, after having heard witnesses, can substantiate any insinuation and prove that something has been wrong in the awarding of the contract to the Janin construction company or any other company.

Mr. C. B. HOWARD (Sherbrooke): I shall take only a few minutes in this debate, but it is only fair to give the members of this house on all sides from a business point of view something in connection with this contract.

During the great war from 1914 to 1918 the manufacturers of Sherbrooke, in efficiency of manufacture, were second to none in any part of Canada. This contract calls for 10,000 18-pounder shells. The Ingersoll-Rand company in Sherbrooke, which was cited by the hon. member for Vancouver North (Mr. MacNeil), produced 10,000 of these shells per day; in other words, the contract would represent on that basis one day's work.

This is what I want to say to the house. When there is a question of this contract or other governmental contracts for munitions being given, Canadian industries are willing to cooperate one hundred per cent, should the time ever come, and we all hope that it never will. But they are not desirous of disrupting their natural course of production for the benefit of Canadians in order to take on government contracts at this stage of the game. In fact, when this contract and a similar one were offered the Canadian Ingersoll-Rand, or when the matter was suggested to them not so long ago, their answer surprised me as I am sure it will surprise the house. They said, "To take on a contract for the government on what basis?" I replied that it was on a cost plus basis and they said, "Never under any consideration will we touch a contract on a cost plus basis. Let the government of this country get anybody who is foolish enough to take on such a contract to produce goods on a cost plus basis, but if they want us to manufacture the goods let them tell us what they are willing to pay and we will tell them whether we will produce the goods."

If this contract had been offered to Sherbrooke, which is one of the centres of the steel industry in Canada, they would not have looked at it, and probably the reason why the contract went to this particular firm is that no one else, certainly not in my district, could be got to take it on.

Mr. WALSH: You are right.

Mr. HOWARD: The hon. member knows I am right when I say that.

Mr. WALSH: Absolutely. No one would take that contract, no reputable firm.

Mr. HOWARD: It is only a question of small production, as was stated by the minister a minute ago—practically speaking, a pilot plant to establish the cost of this size of shell.

Mr. MANION: But is it not a natural inference to draw that if the Janin company or the other company succeeded in making these shells they would be given further contracts?

Mr. MACKENZIE (Vancouver): Not necessarily.

Mr. MANION: Not necessarily, but that is a natural inference.

Mr. MACKENZIE (Vancouver): There is no promise of any kind.

Mr. HOWARD: I was almost addressing my remarks to the leader of the opposition (Mr. Manion) because I was surprised at his statement. I am giving you the absolute facts. A man who is producing goods in the steel industry, or any other industry for that matter, has his plant at maximum efficiency, and if he should change over and put a thousand employees in any plant on a cost plus basis, then when the small order had been completed and he had to go back to an efficiency basis in order to compete with industry in all parts of Canada, selling to the trade, who buy at the lowest price, he would be out of luck.

I say, therefore, that this contract is one hundred per cent right and was properly handled. More than that, it should not have been discussed from the standpoint of publicity in the House of Commons to-day in the present situation. There are too many matters that are exceedingly pressing at the present time, there is too much agitation throughout the country in connection with many problems that are facing the people of Canada, for us to spend our time as we have been doing lately, discussing these things when the proper course is to refer such matters to a committee and there have them discussed. They should not be discussed on the floor of the House of Commons with a view to publicity.

To those who think that the profiteering element enters into contracts of this kind I say this: Do they realize—and the hon. member sitting beside me happened to be a member of the munitions purchasing board at the time—that the price paid for the first contract for the manufacture of shells in those terrible days from 1914 to 1918 was reduced on the second issue and further reduced on the third issue? On the first contract at the highest price I do not believe any manufacturer made a dollar. On the second contract there was a reduction in price of about forty per cent and they did not make very much money, and on the last contract, when the price was below cost of producing the first contract, they made money. When you talk about profiteering in private industry and it is a question of the government fixing the price, Canadian efficiency alone will decide whether there are profits in the contract or not. It is not based on either of the other assumptions.

I think we should not discuss this matter now. I am in favour of referring it to the committee. But I congratulate the minister on the way he has handled the matter. Remember that Canada is not at war. The position would be entirely different if we were

at war; then there would be cooperation on the part of the people all over this country. But we are not at war, and the government should not disclose these munitions contracts when they are only test contracts, in order to determine our position in case anything should happen.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The leader of the opposition (Mr. Manion) said he thought I should say something in this debate. If I speak very briefly it will be because I do not wish to follow my hon. friend in a course for which I think he is to be criticized rather than commended, that of speaking on an important public matter without either knowledge or reflection. I take the hon. gentleman's own introductory words; he said he had not seen or heard of this contract until just before the luncheon hour; he had combined his lunch time with thinking over it, and admittedly without knowing anything about it, he has spoken at some length and gone pretty far in criticism of the administration. That course of procedure is entirely wrong, it is against the public interest, it not only wastes the time of parliament but creates suspicion and disbelief where no ground for either exists. And what I have said concerning the leader of the opposition I think may be said in part with respect to the hon. member who introduced the motion (Mr. MacNeil). If the government were opposing his motion, then I could see why hon. gentlemen opposite should come forward with every argument they could urge in criticism of the government for trying to prevent the hon. member from obtaining the fullest possible information and light.

There are times and places for all things in the arrangement of the business of this house. That is the point I wish particularly to make this afternoon. Parliament has itself laid down certain rules for the conduct of public business, and has appointed certain committees to facilitate intelligent discussion in this house. Where there are special committees and standing committees appointed, the purpose is obviously to give to hon. members who may be members of such committees, and through them to the house generally, the fullest knowledge of all material and relevant facts, and to avoid wasting the time of parliament on matters which should not be discussed at all because they are not relevant.

What is the motion of the hon. member? It is:

> That a copy of the agreement between the government and the Montreal Construction Supply and Equipment, Limited, Montreal, [Mr. Howard.] for the machining of billets and forgings in the manufacture of shells, together with all related orders in council, documents, correspondence, minutes of the interdepartmental committee, and statements of claim, be referred to the standing committee on public accounts.

The government is prepared to grant that request. My hon. friend knows it. But may I point out that the motion, if made in accordance with the motive which we would naturally assume, is for the purpose of supplying hon. members with information before we begin to discuss the particular matter here. It asks first for the agreement. I question whether six hon. members—in fact I doubt whether more than two hon. members have read that agreement. The minister himself undoubtedly has read it, and possibly the hon. member who moved the motion, but I doubt whether one other member of this house has read it.

Mr. MANION: I have read it.

Mr. HOMUTH: I have read it.

Mr. POULIOT: And the hon. member for Greenwood (Mr. Massey).

Mr. MACKENZIE KING: There are four hon. members who have read this contract. Yet we are all expected to listen to a discussion of its merits or the reverse before we have had opportunity of perusing it carefully; it is brought up unexpectedly without adequate notice or without any hon. member being in a position to prepare himself to discuss it—

Mr. WALSH: May I ask the Prime Minister to include my name among those who have read it.

Mr. MACKENZIE KING: Coming to the next request, the motion asks for all related orders in council. Has my hon. friend who introduced the motion read these orders in council? I venture to say he has not. He asks for the documents; has he seen all the documents? I venture to say he has not. He asks for the correspondence; has he seen the correspondence?

Mr. MANION: How could he?

Mr. MACKENZIE KING: He asks for the statements of claim; has he read the statements of claim?

Mr. MANION: How could he possibly have seen them?

Mr. MACKENZIE KING: That is what I am asking.

Mr. MANION: Does the right hon. gentleman suggest—

Some hon. MEMBERS: Order.

Mr. MANION: —that I can ask questions only about things I already know, or that a motion should be put and we should never discuss it?

Mr. MACKENZIE KING: If my hon. friend will allow me to proceed I think the public will reach their own conclusions very quickly.

Mr. MANION: They are reaching them about my right hon. friend pretty fast.

Mr. MACKENZIE KING: If my hon. friend will allow his good nature instead of his ill nature to govern him he will be all right.

Mr. MacNEIL: I am sure the right hon. gentleman does not wish to misstate my position. I did place on the order paper a series of questions and asked for the production of papers some time ago. I have taken advantage of all the opportunities provided to obtain the information.

Mr. MACKENZIE KING: But my hon. friend is asking now for the opportunity which the rules of this house afford to those who wish to get the fullest information, and the government is ready to give it to him, but he is not prepared to wait; without getting the information he makes his speech condemning the contract, or if he does not condemn he has done his utmost, and the leader of the opposition the same, to create suspicion in the minds of the people of this country that there is something wrong with the contract, and this without any investigation whatever. Hon. members opposite are constituting themselves not only prosecutors but judges and jury before there has even been consideration of the matter. That is entirely wrong from every point of view. It is not in accord with the judicial way in which any matter of public importance should be dealt with; it is wrong with respect to the parliamentary method of proceeding as set forth in the rules of this house; it is wrong from the point of view of the interests of the department and the position of the minister. Moreover it is entirely unfair to the country itself that unwarranted suspicion should be created in the minds of the people with regard to one of the great public departments of this country.

This afternoon some hon. members referred to the fact that the press is commenting upon the circumstance that a great deal of time is being taken up in discussing some matters here when we ought to be proceeding with other and more important business. With respect to this afternoon's proceedings I think such criticism would be wholly justified. Parliament has provided means whereby the fullest information can be obtained by hon. members in regard to a public matter of this kind before it is discussed on the floor of the house, and those means should have been availed of before this discussion took place. If, after the matter has gone to the public accounts committee, and hon. members have had all the information and facts laid before them, and the committee has reported, there is the desire to discuss the committee's report and bring out relevant facts, hon. members are at liberty and it is their duty to do so. That is the time and occasion afforded by the procedure of parliament itself. Now I appeal to hon. members on all sides, having regard to what we must see only too clearly, a desire on the part of some people in this country, who really ought to know better, to create distrust in our democratic and parliamentary institutions, that they give their help to the government by seeking to make the debates in this house what they should be in accordance with the rules of the house.

Hon. members say the government can control the situation. Control? Last night we discontinued the debate on the trade agreement in order that to-day and for the next two or three days, before the senate returns, we might forward to the other house some of the measures on the order paper, so that they might consider them when they meet. What happens? To-day pretty much the entire day has been taken up in discussing a motion which I contend should not have been discussed at this stage at all, unless the government were refusing to grant the request of the hon. member who made it. I see my hon. friend from Winnipeg North Centre (Mr. Woodsworth) ready to start up, and I know what is in his mind. It is a criticism which is coming from him all the time, and I wish hon. members to see the significance of it at a time like the present. He is ready to say that the Prime Minister is trying to shut off debate.

Mr. REID: That is what they want.

Mr. MACKENZIE KING: I think something of that kind is in his mind; he will say hon. members ought to have the fullest opportunity for discussion. I am not trying to shut off debate. I am trying to put debate into its proper place. There are times and seasons for all things, and unless we observe those times and seasons we shall be here for a very long time in getting through with the public business.

I now come to the suggestion made by the leader of the opposition, in regard to an

editorial which appeared in one of the Ottawa papers, the paper which has been mentioned this afternoon.

Mr. MANION: Not one, but many editorials.

Mr. MACKENZIE KING: The hon. gentleman referred to one in particular; I shall come to the "many" in a moment. I agree with my hon. friend the leader of the opposition that that kind of journalism serves no public purpose, and certainly does credit least of all to the publication which lends itself to that kind of unwarranted criticism.

One of the things I think there is reason to deplore in some of the journalism of our country to-day is that some papers which heretofore have been a guide to the country generally and a help to members of parliament, by their fair comment with respect to public matters, are losing all their influence because they are coming to be recognized not as journals standing for fair comment on public matters but as the instruments of certain powers, interests and forces which wish to present only a point of view of their own contrary to some of the views which others may hold.

I come back to what my hon. friend said. He suggested bringing to the bar of the house the one who was responsible for the particular editorial referred to. I think the place to have him appear is before the public accounts committee, because the matter has been referred to that committee. And I hope the members of the committee will see that the paper in question has an opportunity of substantiating there some of the charges which have been made in its editorial columns.

But to suggest that we should bring anyone to the bar of the house—well, what would be the effect of it? So far as I can see it, it would simply be playing into the hands of the publication itself. Make a martyr of anyone, whether it be a newspaper, a newspaper publisher, or an editor, and you begin to serve probably the one great purpose he may have in view. I know what would be said in regard to myself. It is this: "Here is the Prime Minister again, trying to suppress public opinion! Here is the government asserting its power and authority to silence criticism of itself!" That is what would be said, in a minute.

Unfortunately in dealing with public affairs the choice is not always between the one course which is going to be wholly right and the other course which is wholly wrong. Too often the choice is between the lesser of two evils. And that is something I am obliged to ask myself every day as I consider what attitude I should take on certain public measures, or what I should say in the house. I must ask myself whether it would be better to allow some things to pass altogether, and say nothing about them, or whether I should rise in my place and say a word which perhaps would occasion debate which would take up the rest of the day.

So far as concerns trying to keep the press of the country in control, I shall say to my hon. friend that that is a job which I should not like to undertake.

Mr. MANION: I was not suggesting that.

Mr. MACKENZIE KING: In the sense in which my hon. friend meant it, I am agreeing with him, in this particular. If I began to raise questions of privilege with respect to statements I see in the different newspapers, or in some of the newspapers of this country, from day to day, I would be on my feet every afternoon in this House of Commons pointing out where in editorial columns or in news columns there are statements which are absolutely untrue, the government's position misrepresented, or the position of other hon. members misrepresented. I put some of it down to a lack of an understanding of the question on the part of those who have been writing about it, or reporting concerning it.

I think in the long run the people will judge for themselves—and they usually judge pretty correctly in these matters. Where occasionally some slip takes place in a public journal, and it is noticed, the public understands that it might well be a slip. But when day after day the administration's point of view is misrepresented in news or editorial columns, the public very soon judge for themselves as to whether or not the purpose underlying it is that of fair comment, or whether there is some other objective in view. I say if one does not take exception to much that appears in the press it is for the reason, that one does not wish to take up time unnecessarily in questioning matters, which, as a result of such action, it would probably be impossible to remedy.

May I now for a moment come to the question of these contracts. I must say it is extraordinary to hear different members suggest that this or that should be done, as if it were some new course being proposed, and something the government had refused to do. The minister has told this House of Commons that he was prepared not only to put all contracts on the table, but, as he said last session, to have them all referred to the public accounts committee. That statement is on record in two places in *Hansard* of last year. Every hon. member knows that to get

any contract he wishes, or all the contracts he wishes, all he has to do is to put a notice of motion on the order paper asking that such contracts be tabled—and unless there are good and sufficient reasons to the contrary they will be tabled immediately. The fact that any particular contract has not been tabled up to the present time is probably because it has not been requested. Is it to be assumed that the government has some clandestine motive in refusing to table things, just because they do not put on the table every contract signed in the different departments of government?

Mr. DUNNING: Hundreds of them have been tabled.

Mr. MACKENZIE KING: As the Minister of Finance (Mr. Dunning) has pointed out, hundreds of these contracts have already been tabled. But to criticize the government for not tabling something which has not been requested is a criticism which I think is wide of the mark, altogether. The minister has indicated and I wish to emphasize the government's intention in the matter by endorsing what he has said, namely, that we are quite prepared to have these contracts, individually or collectively, go to the public accounts committee, and the government wants nothing other than the fullest and completest investigation in regard to any matter with respect to which there may be the slightest ground for suspicion.

I ask hon. members of the house this question: Could greater evidence have been given of the government's wish in the matter than that when that scurrilous article appeared in *Maclean's,* with the insinuations and suspicions it was creating, without losing a day the government ordered an inquiry by a justice of the supreme court into the whole business—into everything that was set out by way of insinuation or otherwise in that article. We referred the thing in its entirety to a judge of the highest court in Canada, and gave him the fullest powers. If that step had not been taken I could have understood the suggestion being made that we were trying to conceal something. But when the government instituted an inquiry of the kind it gave the strongest evidence possible that so far as this administration is concerned we are anxious to have everytihng relating to munitions, armaments and the like —and in fact, all public contracts—just as clean and wholesome as it can possibly be made.

Let me say this: When I caused to be placed before council the order in council recommending the appointment of a commission I had just the same motives that every hon. member in the house has with respect to questions relating to the Department of National Defence, namely, to see that there should not be the slighest suspicion of wrongdoing in any particular with respect to any contract with which it might be concerned. Had the commisioner named any member of the department or any individual, had he found any wrong-doing in any particular, I would have been the first to take action that would have satisfied every single member of this house with respect thereto. I want to say the same with respect to all contracts existing at the present time. I welcome, and the government welcomes, the fullest inquiry by the public accounts committee. Call every member of the department of defence before that committee and question him as much as you like. If you find any evidence of wrong I will give you my word at once on behalf of the government that we will see whoever has been guilty of wrong is immediately dealt with in the appropriate manner.

I do wish to say, however, that at times like the present it is important not to create a want of confidence in any department of the government, and least of all in the department of defence, unless there are good grounds for so doing. It is very easy one or two years after a step has been taken to say that we should have done this or we should have done that, but I ask hon. members to put themselves for a moment in the frame of mind in which they were one or two years ago with respect to appropriations for increased armaments and munitions and ask themselves what they would have done. I remember the difficult task the administration faced in persuading the house that there was a necessity existing in relation to international affairs which made it obviously desirable and necessary that this country should increase its defences and that some additional appropriations should be made for munitions and armaments. I remember how strongly that program was opposed, and I think hon. gentlemen diagonally opposite remember quite well. It was not opposed on the ground that there was going to be wrong-doing with respect to it, or that it was going to be made an instrument for securing campaign funds and the like; it was opposed on the score that it was not necessary.

Let me put this question fairly to hon. members. It has been suggested with regard to one contract which has been discussed that the work should have been undertaken in the arsenals instead of being given to a private firm. I ask hon. members if at the

time that other contract was being considered the government had begun to open up one of our arsenals, to put in machinery costing a million dollars or more for the purpose of manufacturing munitions and armaments, what would have been the effect upon the minds of the people from one end of this country to the other? Would we have been helping a situation which was extremely critical if we had unduly alarmed the people of Canada by opening up our arsenals for the manufacture of arms and munitions? We all hoped that what was threatening would pass. It is only because we are not yet secure enough to feel that we can afford to do other than make provision for increased defence of this country at this time that we are asking for additional appropriations to-day. We did hope, when we first brought in our increased appropriations, that within the next year or two at least the situation which was becoming extremely critical in other parts of the world would have passed. We found out last September that we had not been far wrong when we took the steps we did one or two years before, and that the information we had been receiving had justified the action we were taking. The information necessitated pretty prompt action in some things, and we are fortunate to-day in having given the information we obtained the attention we did.

I just wish to present this point of view with regard to the whole question of the discussion of munitions and armaments from now on. I ask hon. members—and here I hope I am not to be accused of trying to intimidate the house; that will be the next thing I suppose, because I as Prime Minister have pointed out that there is a critical situation still existing in the world—to realize that we are as yet far from having a clear sky overhead. I think all of us would be well advised to get on with the business of this parliament as rapidly as we can because we may at some moment be called upon to consider questions larger than any we have discussed thus far. I pray that moment will not come, but who can say it will not in the light of the knowledge every man has who reads the press from day to day or from hour to hour? I say, in the light of the world situation being what it is let us have any inquiry we like, but do not for goodness sake, unless it is obviously necessary, let us do anything to create more in the way of suspicion and distrust in the minds of the people of this country in connection with defence affairs and a department which is seeking to do its utmost to make the defences of our country what they should be.

[Mr. Mackenzie King.]

Just this one word in conclusion with regard to profiteering and the like. I hope it is not necessary for me to say that anything in the nature of profiteering would be wholly repulsive to every hon. member in this house. I hope I may be believed when I say that this government can be trusted to do everything within its power to prevent anything in the nature of profiteering. There has been talk about campaign funds. Why bring that matter into this particular discussion? Is there any single member who believes that my colleagues and myself would knowingly lend ourselves for one moment to any contract being given to any man in order that we might get some money out of it for purposes of a general election? I do not think there is a single hon. member in this House of Commons who believes anything of the kind. Why say it? Why raise suspicion with regard to it? Unfortunately campaign funds are necessary.

Mr. MacINNIS: It happened before.

Mr. MACKENZIE KING: Will my hon. friend make the charge that it is happening now?

Mr. MacINNIS: No, that charge was made before.

Mr. MACKENZIE KING: I want to say to my hon. friend that when he speaks in this house, while we know who he is, while we know he is prepared to make statements without having authority for them, there are people in other countries who do not realize that the member who has spoken may not be speaking with the same authority as would some member of the administration.

Mr. MacINNIS: I think the Prime Minister did not mean to say what he said. He said I would make statements for which I did not have proof. Have I ever made such a statement in the house?

Mr. MARTIN: Insinuations.

Mr. MacINNIS: I suggested there were campaign funds before.

Mr. MARTIN: The inference is quite clear.

Mr. MacINNIS: It is not.

Mr. MACKENZIE KING: I have no desire to impute any motive to any hon. member. If I have said anything I should not have said with respect to the hon. member, I withdraw it at once. What I wish to say, not only with regard to him but with regard to other hon. members, is that things may be said here in the course of discussion which those of us

who are in this chamber from day to day fully understand. We know who may be saying certain things, we know the extent of the knowledge he may have and we know what reliance can be placed upon his word; but when words are cabled to Germany, Italy and other countries as coming from a member of the House of Commons of Canada, they create a very different impression there from what they do in this country.

At times like this we have to be very careful of what we say and of the discussions that take place. Here again I hope I am not to be accused of intimidating the house. I am only stating what I think is very much in the public interest to be stated, that is, that in dealing with questions which relate to peace and war and to the attitudes of countries toward the great question of defence, hon. members should view with the utmost care every utterance which they make in this house.

Campaign funds are necessary for the purposes of an election. Is there anything wrong with securing funds to help to propagate the principles in which one believes? How are we going to carry on an election unless we get some financial support? Unfortunately the country does not pay all the expenses of an election. I wish it did, and I think a good many others feel likewise. But until we change our laws so that our parliament will provide the money to carry on elections—elections are a necessary part of the business of government because there could not be a parliament without an election—some means must be found of getting money from different sources to enable an election to be carried on. How is it done? It is done by asking those who believe in certain principles and policies to support the party financially in defraying the legitimate expenses of a campaign. Every party does that and must do it. Why, then, should we always seek to decry the necessity of having the wherewithal to carry on a general election, and endeavour to link that up, that necessity, with some question of a public contract?

I want to make this one observation in conclusion. With respect to profiteering, with respect to anything that savours of corruption, with respect to any government contract whether it is in connection with the department of defence or any other department of the government, so far as this administration is concerned we will do all in our power to prevent anything of the kind. If anything of the kind is proven to exist, we will do all in our power to make an example of those who are responsible, in the manner in which the country will expect.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I want to say just a few words. The Prime Minister (Mr. Mackenzie King) suggested I was about to rise in my place to accuse him of shutting off the debate. I want to suggest to the Prime Minister that he and the Liberals are just as responsible as anyone else for the prolongation of debate, even this one.

Mr. MANION: More.

Mr. WOODSWORTH: A few minutes before the Prime Minister spoke, one hon. member, a supporter of the government, in a cynical defence of patronage, said it was quite right that the government should favour their friends, that when they did favour their friends they were sure of having their friends. Apparently they would not have them unless they took that course. We all know perfectly well that there has been political corruption in Canada before. We all know that. It is all very well for members to rise in their places and say that every party is guilty and that if we had the chance we would be guilty. That gets us nowhere. I urge that while the government has its responsibility—and it is a heavy responsibility—under our system of responsible government every member of the house also has his own responsibility.

An hon. MEMBER: But some do not take it very seriously.

Mr. WOODSWORTH: Maybe, but some of us are trying to take it seriously, and we do not propose to be laughed off simply because we are taking advantage of the opportunities provided by this house.

My colleague the hon. member for Vancouver North (Mr. MacNeil) was quite within his rights in bringing forward his motion to-day. The Prime Minister rather suggested that it was sprung without notice, but his motion was regularly placed, as it had to be, on the order paper on the 23rd of last month, and I have no doubt the Prime Minister has facilities for knowing what the business of the house will be, just as every member has. So I submit that the hon. member for Vancouver North is quite within his rights. Further, he was not sure what the attitude of the government would be until the government announced it.

Mr. DUNNING: He was told in the previous debate, and the minister stated repeatedly that he would table and refer every contract.

Mr. WOODSWORTH: It has been said generally that the contracts could be seen; but the fact is that we have not had the public accounts committee meeting in past years, and it was only because of the most vigorous exposé we had of the Bren gun affair that we got action from the government.

Mr. DUNNING: No, no, it was volunteered.

Mr. BRADETTE: The hon. member is not sincere.

Mr. WOODSWORTH: I am sincere.

Mr. VIEN: It is not a correct statement of fact.

Mr. WOODSWORTH: I am sorry if I am not correct.

Mr. VIEN: From the very beginning—

Mr. SPEAKER: Order. The hon. member for Winnipeg North Centre (Mr. Woodsworth) has the floor and cannot be interrupted except with his consent.

Mr. WOODSWORTH: My judgment is that had we not had the very serious challenge of the policy of the government by my colleague who introduced this motion today, I doubt very much whether this matter would have been referred to the public accounts committee.

Some hon. MEMBERS: Oh.

Mr. WOODSWORTH: That is my opinion.

Mr. VIEN: And that is a fact that we challenge.

Mr. WOODSWORTH: That is my opinion, and I am sincere in giving it.

Mr. DUNNING: You just don't believe what we said with respect to it.

Mr. MACKENZIE KING: With regard to the hon. member's observation, the Minister of National Defence (Mr. Mackenzie) replied to the member who made the motion, and said at once that this contract and every contract could go to the committee.

Mr. WOODSWORTH: When?

Mr. MACKENZIE KING: To-day, in the debate.

Mr. WOODSWORTH: Yes, after the speech of my colleague.

Mr. MACKENZIE KING: You say you got the committee only after long debate. The hon. member knew beforehand he could have his committee.

[Mr. Dunning.]

Mr. WOODSWORTH: I went back to the Bren gun just as an illustration.

Mr. MACKENZIE KING: I say in regard to the Bren gun, that if my hon. friend looks at *Hansard* he will see that I stated, before there was any debate at all, that that motion would be accepted by the government.

Mr. REID: And that if the member would not proceed with it the government would.

Mr. WOODSWORTH: If we are going to go into the history of the matter, it will be recalled that my colleague spoke on the Bren gun in the debate on the address, and it was, I think, necessary that his indictment should have been made then or the subsequent developments might not have taken place.

Mr. MACKENZIE KING: I think my hon. friend will find on the votes and proceedings of this house a motion by the Minister of National Defence himself to refer the Bren gun contract to the public accounts committee before the motion was even put and before any debate.

Mr. WOODSWORTH: After the hon. member for Vancouver North had made his statement.

Mr. MACKENZIE KING: No, no, before any statement.

Mr. WOODSWORTH: As my colleague suggests, after the notice of motion was placed on the order paper.

Some hon. MEMBERS: No.

Mr. WOODSWORTH: That is my position. As I understand the matter, it has taken all the force which we had to secure the action that the government has now taken.

Mr. DUNNING: Absurd.

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: The Prime Minister a few minutes ago went back to what he called the scurrilous attack in *Maclean's* magazine and suggested that the government was desirous of having the utmost publicity. I have no desire to go back over that ground, but I would remind the Prime Minister that had his own Minister of National Defence given us a little fuller information last year, and a little more accurate information—information in harmony with the real situation—some of us would not have felt so much like bringing the matter up this year. But information was not given last year, or what was given was wholly inadequate. Under

these circumstances it is perhaps quite natural that my colleague to-day should feel that he should make a fairly full statement before the matter came to a vote, if it did come to a vote in this house.

Mr. DUNNING: He knew perfectly well that the government had accepted the motion.

Mr. WOODSWORTH: Let me say that the hon. member for Vancouver North based his whole argument not on rumours on the street but on the contract itself. He did refer in one instance to rumours on the street, but let me say to the Prime Minister that while there is danger of the public to-day losing confidence in democratic government, one reason for its losing confidence in democratic government is the failure of the government to deal with the great problems before the people to-day. That is the serious menace.

Mr. HOWARD: It has had no chance.

Mr. WOODSWORTH: No chance? The hon. member for Sherbrooke (Mr. Howard) does not really mean that!

Mr. HOWARD: This session.

Mr. WOODSWORTH: No chance this session?

Mr. BRADETTE: What have you done? Mention your own leadership first.

Mr. WOODSWORTH: With regard to the Bren gun, the fact is that we did not get full publicity until that so-called scurrilous article appeared in *Maclean's* magazine. I have no responsibility for that at all, but I doubt if we would have had full publicity and the reference to the public accounts committee or even the appointment of the commission had not that article appeared. The fact is that the opposition and other groups in this house have their responsibility to the public, and simply because the government is well entrenched and has a large following, is no good reason why we should not take advantage of the opportunity afforded by the rules of the house to discuss these matters.

The Prime Minister has told us that if there was anybody in the wrong in connection with this matter they would be dealt with. But some of us are not particularly interested in tracing down some wrong act to one individual. What we are interested in is in exposing what we believe to be wrong methods of doing things. Those wrong methods will sooner or later, almost inevitably, lead to particular abuses. I for one—and I think I can appeal to those hon. members who have known me for some years—am not particularly interested in individuals and individual actions, but I am interested in certain methods and policies. Take our attitude with regard to the armaments program mentioned by the Prime Minister. One reason why our group has been steadily opposed to the armaments program of the government is that the government has distinctly refused to state its foreign policy.

Mr. ILSLEY: Perfect nonsense.

Mr. WOODSWORTH: We shall again have to oppose the armaments program until the government tells us what its foreign policy is. We cannot get this information. There are perhaps other reasons for our opposition, but that is one reason I wish to bring before the house. I have no desire to enter into a general discussion on the motion before us, but reference has been made again and again in this discussion to profiteering. I do not know just what profiteering is. It is, I assume, undue or wrongful profit-making. But I wish to go further than this and ask: Why should we have any profit making at all in the supplying of armaments?

Mr. SPENCE: How would we eat, if we didn't make a profit?

Mr. WOODSWORTH: As far as the people who manufacture these munitions are concerned, they get their wages, whether they are in private factories or government arsenals or wherever they may be. What I object to is the making of profits out of this kind of manufacturing. I believe that most of the people of Canada have some sort of conscience in that matter. What are these armaments for? For purposes of killing. Some of us are bitterly opposed to war.

Mr. MACKENZIE KING: For purposes of preventing killing.

Mr. WOODSWORTH: The Prime Minister may assert that it is to prevent killing. I am not now going to discuss the whole question of war and armaments. But I would say this, that if war comes—and in this I agree with the Prime Minister—"heaven forbid"—the ordinary man in the street would be either asked to enlist or forced to go to war. There would be no profit in it for him. He risks his life at the call of his country, or is forced by the state to do so. For the life of me I cannot see why any private manufacturer should be allowed to make any profit out of war muntions. If we expect the common man to risk his life in war, the very least

that the big manuacturer, the technician, and the big organizer can do is to give his services free to the state.

Some hon. MEMBERS: Oh, oh.

Mr. WOODSWORTH: Some hon. members laugh at that. We all may very well laugh at that, because we know that persons of that class do not usually come forward and offer their services.

Mr. DUNNING: Oh, yes, they do. Very many of them did in the last war. That is unfair.

Mr. WOODSWORTH: Some of them went to the front; a few of them offered their services; and a great many of them, as the Minister of Finance (Mr. Dunning) knows very well, stayed at home and profiteered.

Mr. DUNNING: My hon. friend does not want to be unfair.

Mr. WOODSWORTH: There were some—

Mr. DUNNING: There were a great number of industrialists, experts and technicians who did give their services free in the last war. That is well known. The hon. member's remark is unfair to them as a class.

Mr. WOODSWORTH: I have not the knowledge that the Minister of Finance has of these cases. I accept his word that there were some.

Mr. DUNNING: I have reason to know that there were.

Mr. WOODSWORTH: I say that such a practice ought to be made the rule in this country.

Mr. FRASER: Why does the hon. member take his $4,000 a year?

Mr. WOODSWORTH: If that remark is all we can get from the Liberal benches in answer to a serious statement of what I believe the policy of this country ought to be, then I almost despair of parliamentary institutions. Now that this matter has come up, while I am not so much interested in whether there should be a little more or a little less profiteering, I would to-day urge upon the government that the only possible way by which in the long run we can avoid profiteering is to see to it that, especially in this particular kind of manufacturing, so closely allied with war, there is no profiteering or profit-making out of what would involve human lives.

Motion agreed to.

[Mr. Woodsworth.]

QUESTIONS

(Questions answered orally are indicated by an asterisk).

INTERNATIONAL INSTITUTE OF REFRIGERATION

Mr. MARSHALL:

1. In what year was the first grant paid to the international institute of refrigeration in Paris, France?

2. Under what dominion statute is this grant authorized?

3. What amounts have been paid from year to year?

4. What material benefits accrue to Canada from such affiliation?

Mr. GARDINER:

1. 1910.

2. None; authorized by order in council.

3.

Year	Amount		
1910..	100 francs	$ 19 00	(approx.)
1911..	100 "	19 00	(approx.)
1912..	500 "	96 46	
1913..	500 "	90 00	(approx.)
1914..	500 "	90 00	(approx.)
1915..	500 "	90 00	(approx.)
1916..	500 "	86 60	
1917..	500 "	92 15	
1918..	500 "	90 00	(approx.)
1919..	2,000 "	328 28	
1920..	2,000 "	370 45	
1921..	6,000 "	370 46	
1922..	6,000 "	238 80	
1923..	6,000 "	238 80	
1924..	6,000 "	238 80	
1925..	6,000 "	238 80	
1926 to 1938.	6,000 "	580 80	

The differences in the amounts listed are due to the fluctuations in the value of the franc.

4. The principal objects of the International Institute of Refrigeration are as follows:

(1) to stimulate investigations for the purpose of finding solutions of scientific, technical and industrial questions, of international scope, relating to the refrigerating industry;

(2) To examine measures for the best solution of questions relating to the conservation, transit and distribution of perishable produce;

(3) To publish all information concerning the world's frozen food situation, compiled from a triple standpoint: origin of production, circulation, consumption;

(4) To centralize, for the purpose of immediate publication, all technical, economical and statistical reports and documents related to the production and use of refrigeration;

(5) To concentrate, in view of finding remedial, administrative measures, all existing laws

and legislative data that in any way affect international exchanges of produce that can derive benefit from refrigerated transport;

(6) To organize international congresses of refrigeration;

(7) To be in constant communication with adherent professional or scientific bodies in order to determine the practical value of conclusions issued and propose suitable measures for their realization;

The department receives a monthly bulletin on the activities of the institute; also copies of any special reports of congresses on refrigeration.

QUEBEC TERMINAL ELEVATOR WHEAT STORAGE STATISTICS

Mr. PERLEY:

1. What amount of wheat of all grades was held in store in the Quebec terminal elevator, in the city of Quebec, as at January 1, 1939, and weekly to date?

2. By what companies was the wheat delivered to the elevator?

Mr. HOWE:

The following information is furnished by the national harbours board:

1.	bushels
January 1, 1939	1,895,359
January 7, 1939	1,894,359
January 14, 1939	1,890,210
January 21, 1939	1,881,210
January 28, 1939	1,876,710
February 4, 1939	1,870,210
February 11, 1939	1,863,710
February 18, 1939	1,859,710

2. It is not in the public interest or in accordance with government practice to disclose this information.

CANADIAN NATIONAL RAILWAYS—SOUTHAM PRESS CONTRACTS

Mr. AHEARN:

1. Does the Southam Press Limited, of Bleury street, Montreal, receive orders from the Canadian National Railways for printing tickets, time-tables, folders, etc.?

2. If so, how many contracts were awarded to the Southam Press by the Canadian National Railways during the years 1933, 1934, 1935, 1936, 1937 and 1938?

3. What was the amount of each contract awarded during this period?

Mr. HOWE:

1. Yes.

2. The management of Canadian National Railways take the position that it is not in the interests of the railway to make public information of this sort.

3. Answered by No. 2.

DROUGHT AREAS—FOOD DONATIONS IN 1938

Mr. JOHNSTON (Bow River):

1. Were any donations of vegetables, fruit or fish, made by the dominion government during the year 1938, to drought areas of, (a) Saskatchewan, (b) Alberta?

2. Did the dominion government assume any of the costs in connection with such shipments to drought areas in, (a) Saskatchewan, (b) Alberta?

3. If so, how were such costs made up?

Mr. GARDINER:

1. (a) Yes. (b) No.

2. (a) Yes. (b) No.

3.

	Cars	
Apples	85	$ 47,102 80
Beans (dry)	11	16,995 00
Cheese	22	99,567 11
Fish	31	58,450 75
	149	$222,115 66
Distribution (including freight)		38,698 05
		$260,813 71

CANADIAN NATIONAL RAILWAYS—ATLANTIC REGION EQUIPMENT SHOP REPAIRS

Mr. BROOKS:

1. Were any locomotives or railway cars belonging to the Canadian National Railways shipped from the Atlantic region to their shops in other regions for repairs during the year 1938?

2. If so, to what shops were such locomotives or cars sent?

3. How many locomotives and cars were sent to each such shop?

4. For what reasons?

Mr. HOWE:

1. No locomotives were shipped from Atlantic region to shops on other regions for repairs during 1938.

Of twenty-five colonist cars which were selected for conversion to first-class coaches at Winnipeg, two were located on Atlantic region and moved to Winnipeg. To offset this, two mail cars were sent from central region to Moncton shops for repairs.

No freight cars were moved from Atlantic region to shops on other regions for repairs, with the exception of steel coal cars, which were sent to Leaside shops.

2. Answered by No. 1.

3. Two passenger cars as mentioned above. No record has been kept of the number of steel coal cars which have been sent to Leaside, but this would be a very small number.

4. Steel coal cars form a small proportion of Canadian National freight equipment, and in order that the work may be done economically and efficiently it is necessary to concentrate it at one shop. For many years this work has been done entirely at Leaside, which shop has been specially equipped with overhead cranes, etc.

BOARD OF TRANSPORT COMMISSIONERS

Mr. KENNEDY:

1. What are the names of the members of the board of railway commissioners?

2. What is the date of the appointment and salary of each commissioner?

3. Do all of these commissioners give their full time to the work of the commission?

4. Have the said commissioners any other business affiliations?

Mr. HOWE:

1. The board of transport commissioners is composed of the following:—The Honourable Hugh Guthrie, chief commissioner, William Hugh Masson Wardrope, assistant chief commissioner, François Napoleon Garceau, deputy chief commissioner, John August Stoneman, commissioner, George A. Stone, commissioner.

2. The dates of orders in council covering above appointments, and the amount of salaries, are, respectively, as follows:—August 12, 1935, $12,500; November 8, 1938, $9,000; September 16, 1933, $8,000; March 12, 1929, $8,000; December 16, 1931, $8,000.

3. Yes.

4. No information.

TRANS-CANADA AIR LINES—HAMILTON-TORONTO AIRPORTS SERVICE

Mr. MARSH:

Has the Minister of Transport considered any plan relating to the conveyance of passengers between Hamilton and Malton airports, or between Hamilton and Toronto island airports, for the trans-Canada air service? If not, will he give the matter consideration?

Mr. HOWE: No. Arrangements for passenger traffic are entirely in the hands of the Trans-Canada Air Lines Corporation.

UNITED STATES WHEAT SHIPMENTS TO CANADA

Mr. PERLEY:

1. What quantity of United States wheat was shipped into Canada each week since October 1, 1938?

2. How much of said wheat was shipped in bond?

3. How much of said wheat was milled in Canada?

4. How much went into domestic consumption in Canada each week?

5. What was the duty paid on same?

6. What was the price paid for the wheat by Canadian millers?

Mr. EULER:

1. Weeks ending	Eastern elevator figures (bushels)
October 7, 1938	434,891
October 14,	230,320
October 21	106,785
October 28	....
November 4	....
November 11	....
November 18	229,826
November 25	....
December 2	209,827
December 9	....
Total	1,211,649

2. Canadian customs and elevator figures, 565,203 bushels.

3. Canadian flour milling figures, 266,039 bushels.

4. Canadian customs figures, an average of 35,527 bushels, or a total of 603,954 bushels for the period from October 1, 1938 to January 30, 1939 (17 weeks).

5. Canadian customs figures, $72,474.48.

6. Not available.

*BREN MACHINE GUN CONTRACT—COPIES OF EVIDENCE HEARD BEFORE ROYAL COMMISSION

Mr. MacNEIL:

1. How many copies of the evidence heard before the royal commission on the Bren machine gun contract were prepared?

2. What was the cost per copy?

3. What disposition was made of each copy?

4. Will the government make available three additional copies for the use of the members of the House of Commons?

Mr. MACKENZIE KING: I should like to answer this question orally.

To the first question, how many copies of the evidence heard before the royal commission on the Bren machine gun contract were prepared?—There were twelve complete copies, plus one extra copy for the last seven days.

What was the cost per copy? $474.32½ per copy.

What disposition was made of each copy? One copy was the official record; one was for the use of the Commissioner; three were for the Department of National Defence; two

were for Colonel Drew and Mr. Hellmuth; three were for the government counsel; one was for the Department of Finance; one complete and one partial copy for the Department of External Affairs.

Will the government make available three additional copies for the use of the members of the House of Commons? My reason for answering this question orally is, that it appears on inquiry that the copies which were made available to the different persons mentioned have been either marked up or cut up to a considerable extent in the course of the inquiry and it would therefore be difficult to get many complete copies. I have found it possible to get two complete copies and will be glad to see that they are placed at the disposition of the committee; but if more copies are required it will involve a considerable expense, because the stencils themselves, unfortunately, have been destroyed. Perhaps we might manage to secure parts of other copies of the report if they should be required.

BRITISH AND FOREIGN INVESTMENTS IN CANADA—CANADIAN INVESTMENTS ABROAD—AMOUNT PUBLIC DEBT HELD EXTERNALLY

Mr. HAYHURST:

1. What is the value at December 31, 1938, or nearest available date, of: (a) British investments in Canada; (b) foreign investments in Canada?

2. What is the value of: (a) Canadian investments in the British Isles; (b) Canadian investments in the United States; (c) Canadian investments in all other countries?

3. What is the total foreign public debt of Canada, and how much of this debt is held in: (a) United States; (b) Great Britain; (c) other countries?

Mr. EULER:

1. (a) British investments in Canada, $2,684·8 million; (b) Foreign investments in Canada, $4,080·2 million; Total, 6,765 million.

The above estimates are as at December 31, 1937.

2. Estimated Canadian investments abroad as at December 31, 1937. (a) Canadian investments in the United Kingdom, $40·9 million; (b) Canadian investments in the United States, $1,097·6 million; (c) Canadian investments in other countries, $619·4 million; Total, $1,757·9 million.

3. Estimated funded debt of Canadian governments and corporations held outside of Canada as at December 31, 1937. (a) Funded Debt held in United States, $2,031·4 million; (b) Funded Debt held in United Kingdom, $1,382·6 million; (c) Funded Debt held in other countries, $18·8 million; Total held outside of Canada, $3,432·8 million.

FEDERAL INSPECTORS IN SASKATCHEWAN

Mr. PERLEY:

1. How many inspectors are now employed by the federal government working in the province of Saskatchewan, in connection with the Department of Agriculture, the Prairie Farm Rehabilitation Act and relief?

2. What are their names and home addresses, salaries and nature of their work?

Mr. GARDINER:

1. Agriculture, 65; Prairie Farm Rehabilitation Act, 4.

2.

Production Service

T. W. Lorne Burke, 305-7th St., Saskatoon, $3,240—District supervisor. Supervising the work of this division in Saskatchewan and at times performing the duties of seed and feed inspector outlined below.

Lucien Bell, 43 Kewanee apts., Saskatoon, $2,280—Senior seed and feed inspector, Assisting Mr. Burke and acting for him in his absence; at times performing the duties of seed and feed inspector outlined below.

Gilbert B. Gilmour, 501-5th St., Saskatoon, $2,220—Seed and feed inspector. Inspecting seeds, feeds, fertilizers, agricultural poisons, binder twine, hay and straw; enforcing the acts governing the sale of these commodities; inspecting seed crops and the cleaned seed therefrom for registration and certification; addressing meetings; collecting markets information; carrying out special policies for encouraging the production of improved seed.

Alex. McPherson, 2527 Winnipeg St., Regina, $2,220—Seed and feed inspector. Inspecting seeds, feeds, fertilizers, agricultural poisons, binder twine, hay and straw; enforcing the acts governing the sale of these commodities; inspecting seed crops and the cleaned seed therefrom for registration and certification; addressing meetings; collecting markets information; carrying out special policies for encouraging the production of improved seed.

Arthur Dumais, % Saskatchewan Registered Seed Growers, Moose Jaw, home address not known, $2,220—Seed and feed inspector. Inspecting seeds, feeds, fertilizers, agricultural poisons, binder twine, hay and straw; enforcing the acts governing the sale of these commodities; inspecting seed crops and the cleaned seed therefrom for registration and certification; addressing meetings; collecting markets information; carrying out special policies for encouraging the production of improved seed.

Allan A. Smith, Naicam, Sask., $1,920—Seed and feed inspector. Inspecting seeds, feeds, fertilizers, agricultural poisons, binder twine,

hay and straw; enforcing the acts governing the sale of these commodities; inspecting seed crops and the cleaned seed therefrom for registration and certification; addressing meetings; collecting markets information; carrying out special policies for encouraging the production of improved seed.

J. D. Williams, 613 Eastlake Ave., Saskatoon, Sask., $1,260—Record of performance inspector. Testing milk of cows entered in record of performance for dairy cattle and verifying owners' statements of production.

P. C. Brown, 821 Third Street, Estevan, Sask., $2,160—District inspector, plant protection. Inspection of plants and plant products, export and import; co-operative work on grasshopper survey and control.

J. W. Scannell, Dominion experimental farm, Indian Head, Sask., $2,160—District inspector, plant diseases. Responsible for the examination of seed under the seed potato certification service involving examination during the growing season for disease and insect pests and also inspection of crop after harvest—territory covering eastern Saskatchewan, Manitoba and northwestern Ontario.

A. Charlebois, 1030 First Street, Estevan, Sask., $1,680—Inspector, plant protection. Inspection of plants and plant products, import and export; cooperative work inspection of potatoes for certified seed.

M. Barker, 2172 Retallack Street, Regina, Sask., $3,120—District veterinary inspector, grade 1. In charge of the work of the health of animals division in the province of Saskatchewan; responsible for the enforcement of the Meat and Canned Foods Act, the Animal Contagious Diseases Act and the regulations passed thereunder; directing and supervising measures taken to control and eradicate contagious diseases in animals; arranging for the inspection of live stock shipments for export, etc.

C. J. Johannes,V.S., 428-4th Ave. N., Saskatoon, Sask., $2,880—Senior veterinary inspector, grade 3. Under the direction of the district veterinary inspector, supervising the control and eradication of animal contagious diseases and meat inspection in a district.

R. Blyth, B.V. Sc., Suite 1, Qu'Appelle apts., Regina, Sask., $2,880—Senior veterinary inspector, grade 3. Under the direction of the district veterinary inspector supervising the control of animal contagious diseases in a district.

E. B. Thomas, V.S., 948 Chestnut Ave., Moose Jaw, Sask., $2,760—Senior veterinary inspector, grade 2. Under the direction, investigating reported outbreaks of animal contagious diseases and to take measures to control same; testing of cattle for tuberculosis, mallein testing of horses, inspecting live stock for export, etc.

J. E. Leblond, V.S., 1031-3rd Ave. N.W., Moose Jaw, Sask., $2,760—Senior veterinary inspector, grade 2. Under direction of the district veterinary inspector, in charge of meat inspection in a meat packing establishment.

H. T. Hyslop, V.S., 416-12th St. E., Prince Albert, Sask., $2,640—Senior veterinary inspector, grade 1. Under direction, in charge of meat inspection in a meat packing establishment.

J. E. Horsland, V.S., Y.M.C.A., Regina, Sask., $2,640 — Senior veterinary inspector, grade 1. Under direction, in charge of meat inspection in a meat packing establishment.

A. J. Andries, V.S., 270-2nd St., Weyburn, Sask., $2,280—Veterinary inspector. Under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

E. L. Brown, V.S., Suite 32, Qu'Appelle apts., Regina, Sask., $2,520—Veterinary inspector. Under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

T. Childs, V.S., 419 Albert Ave., Saskatoon, Sask., $2,520 — Veterinary inspector. Under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

W. B. Davidson, V.S., 456-1st St. West, Swift Current, Sask., $2,520—Veterinary inspector. Under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

H. L. Dixon, V.S., Willow Creek quarantine station, Govenlock, Sask., $2,520—Veterinary inspector. Under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

A. B. Gibson, V.S., 306 Carlton apts., Prince Albert, Sask., $2,520—Veterinary inspector. Under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

N. V. James, V.S., 79 Broadway East, Yorkton, Sask., $2,520—Veterinary inspector. Under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

N.L. Mahaffy, V.S., 801 Main St., Saskatoon, Sask., $2,520—Veterinary inspector. Under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

E. G. Mandley, V.S., 404 Clarence Ave., S., Saskatoon, Sask., $2,520—Veterinary inspector. Under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

J. R. Olson, V.S., 3141 Robinson St., Regina, Sask., $2,520—Veterinary inspector. Under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

C. C. Schilt, V.S., West Poplar River quarantine station, Killdeer, Sask., $2,520—Veterinary inspector. Under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

M. H. Taylor, V.S., 104-10th St., Saskatoon, Sask., $2,520—Veterinary inspector, under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

W. F. Towill, V.S., North Portal, Sask., $2,040—Veterinary inspector, under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

E. E. Carlson, V.S., 1127-4th Ave., N.W., Moose Jaw, Sask., $2,520—Veterinary inspector, under direction, making ante-mortem and post-mortem examinations in meat packing establishments and supervising the preparation of meats and meat products.

R. Clegg, V.S., 204-19th St. E., Prince Albert, Sask., $2,520—Veterinary inspector, under direction, making ante-mortem and post-mortem examinations in meat packing establishments and supervising the preparation of meats and meat products.

G. A. Nichol, V.S., 1166-3rd Ave., N.E., Moose Jaw, Sask., $2,160—Veterinary inspector, under direction, making ante-mortem and post-mortem examinations in meat packing establishments and supervising the preparation of meats and meat products.

I. Robson, V.S., E. Wellington Court, Moose Jaw, Sask., $2,160—Veterinary inspector, under direction, making ante-mortem and post-mortem examinations in meat packing establishments and supervising the preparation of meats and meat products.

W. J. Turnbull, V.S., 205-12th St. E., Prince Albert, Sask., $2,520—Veterinary inspector, under direction, making ante-mortem and post-mortem examinations in meat packing establishments and supervising the preparation of meats and meat products.

C. M. Dunnigan, V.S., 202 Bliss Block, Prince Albert, Sask., $1,620—Junior veterinary inspector, under direction, carrying out veterinary field work in connection with the control and eradication of scheduled diseases under the Animal Contagious Diseases Act; testing of cattle for tuberculosis, etc.

D. N. English, V.S., 7 Imperial apts., Moose Jaw, Sask., $1,860—Junior veterinary inspector, under direction, making ante-mortem and post-mortem examinations in meat packing establishments and supervising the preparation of meats and meat products.

J. R. Turner, V.S., % Empire Meat Co., Saskatoon, Sask., $1,860—Junior veterinary inspector, under direction, making ante-mortem and post-mortem examinations in meat packing establishments and supervising the preparation of meats and meat products.

E. A. Willick, V.S., 2260 Scarth St., Regina, Sask., $1,860—Junior veterinary inspector, under direction, making ante-mortem and post-mortem examinations in meat packing establishments and supervising the preparation of meats and meat products.

R. R. Dunbar, V.S., Melfort, Sask., fees—Veterinary inspector, part-time. Assisting in the control of animal contagious diseases; testing cattle for tuberculosis, etc.

J. M. Fawcett, V.S., 2040 Rae St., Regina, Sask., fees—Veterinary inspector, part-time. Assisting in the control of animal contagious diseases; testing cattle for tuberculosis, etc.

H. C. Lucht, D.V.M., Rosthern, Sask., fees—Veterinary inspector, part-time. Assisting in the control of animal contagious diseases; testing cattle for tuberculosis, etc.

D. W. McDonald, V.S., 274 Manitoba St., W., Moose Jaw, Sask., fees—Veterinary inspector, part-time. Assisting in the control of animal contagious diseases; testing cattle for tuberculosis, etc.

W. F. McDougall, V.S., Nipawin, Sask., fees—Veterinary inspector, part-time. Assisting in the control of animal contagious diseases; testing cattle for tuberculosis, etc.

J. L. Millar, V.S., Box 134, Asquith, Sask., fees—Veterinary inspector, part-time. Assisting in the control of animal contagious diseases; testing cattle for tuberculosis, etc.

G. G. Potter, V.S., Saskatoon, Sask., fees—Veterinary inspector, part-time. Assisting in the control of animal contagious diseases; testing cattle for tuberculosis, etc.

M. J. Preston, V.S., Box 323, Moosomin, Sask., fees—Veterinary inspector, part-time. Assisting in the control of animal contagious diseases; testing cattle for tuberculosis, etc.

Wm. A. Robertson, V.S., Box 55, Norquay, Sask., fees—Veterinary inspector, part-time. Assisting in the control of animal contagious diseases; testing cattle for tuberculosis, etc.

H. A. Taylor, V.S., Imperial, Sask., fees—Veterinary inspector, part-time. Assisting in the control of animal contagious diseases; testing cattle for tuberculosis, etc.

N. H. Nelson, Room 36, Wascana Hotel, Regina, Sask., $1,800—Senior lay inspector, grade 1. Under direction., supervising the cleaning and disinfecting of stock cars and stockyards in the province of Saskatchewan; inspecting the premises of persons who feed collected garbage to swine.

W. H. Allen, 460-13th St. E. Prince Albert, Sask., $1,620—Lay inspector, under direction, to supervise the cleaning and disinfecting of stock cars, stockyards and premises from which diseased animals have been removed; general sanitation of premises where collected garbage is fed to swine.

J. D. Donnelly, 2138 Rose St., Regina, Sask., $1,260—Lay inspector, under direction, to supervise the cleaning and disinfecting of stock cars, stockyards and premises from which diseased animals have been removed; general sanitation of premises where collected garbage is fed to swine.

Wm. T. Harrison, Empress hotel, Moose Jaw, Sask., $1,320—Lay inspector, under direction, to supervise the cleansing and disinfecting of stock cars, stockyards and premises from which diseased animals have been removed; general sanitation of premises where collected garbage is fed to swine.

[Mr. Gardiner.]

W. J. McDonell, 506 Lansdowne Ave., Nutana, Saskatoon, $1,620—Lay inspector, under direction, to supervise the cleansing and disinfecting of stock cars, stockyards and premises from which diseased animals have been removed; general sanitation of premises where collected garbage is fed to swine.

F. Bucknall, 7 Frost block, Moose Jaw, Sask., $1,620—Lay inspector. Assisting veterinary inspectors in meat packing plants.

A. G. Richardson, 1303 Duffield W., Moose Jaw, Sask., $1,620—Lay inspector. Assisting veterinary inspectors in meat packing plants.

J. C. Temple, Ravenscrag, Sask. Fees, ($4.50 per day plus $1.50 per day horse allowance)—Herd inspector, part-time, under direction, inspecting herds of cattle for mange.

N.B. Fees—Veterinary inspector part-time. $10 per day; not exceeding $150 per month.

Marketing Service

C. P. Eutennier, 1864 Ottawa St., Regina, Sask., $1,620—Inspector of dairy products. Checking water and salt content, weights, quality and branding of creamery butter, Checking weights and branding of dairy butter. Checking weights and securing samples for analysis of processed cheese. Checking branding, fat, food solids and total solids of ice cream.

D. L. Browne, McCallum-Hill bldg., Regina, Sask., $2,400—Senior poultry products inspector. Direct the work of the poultry products inspection service in Saskatchewan. Application of egg and dressed poultry regulations.

R. G. Laing, 1315 Victoria Ave., Saskatoon, Sask., $1,920—Poultry products inspector. Application of egg and dressed poultry regulations.

L. D. Forbes, Reinhorn apts., Regina, Sask., $1,620—Poultry products inspector. Application of egg and dressed poultry regulations.

Wm. Walker, 608 Queen St., Saskatoon, Sask., $1,620—Poultry products inspector. Application of egg and dressed poultry regulations.

T. J. Adams, McCallum-Hill bldg., Regina, Sask., $1,620—Poultry products inspector. Application of egg and dressed poultry regulations.

J. G. DeJong, Regina, Sask., $1,920. Inspection of fruit and vegetables.

James Grant, Saskatoon, Sask., $1,620—Inspection of fruit and vegetables.

Prairie Farm Rehabilitation Act

J. W. Pennington, Empire hotel, Regina, Sask., $150 per month—Inspection in connection with agricultural assistance in Saskatchewan.

R. E. Gleiser, Estevan, Sask., $125 per month—Inspection in connection with agricultural assistance in Saskatchewan.

C. H. Slack, Oxbow, Sask., $125 per month—Inspection in connection with agricultural assistance in Saskatchewan.

O. Parker, Valjean, Sask., $125 per month—Inspection in connection with agricultural assistance in Saskatchewan.

QUESTIONS PASSED AS ORDERS FOR RETURNS

EDMONTON, ALTA. BUILDINGS RENTED BY DOMINION GOVERNMENT

Mr. KENNEDY:

1. What offices and/or buildings in the city of Edmonton, Alberta, are rented or leased by the dominion government?

2. Where are these offices and/or buildings located, from whom are they leased or rented and what amounts are paid by way of rent or lease for each of such premises?

3. What is the total amount paid?

"MADE IN CANADA" ADVERTISING CAMPAIGN

Mr. McDONALD (Souris):

1. What amount of money was spent by the government for advertising "Made in Canada" goods within Canada: (a) during the years 1931 to 1935 inclusive; (b) during the years 1936 to 1938 inclusive?

2. What amount of money was spent by the government of Canada in advertising "Made in Canada" goods in countries outside of Canada: (a) during the years 1931 to 1935 inclusive; (b) during the years 1936 to 1938 inclusive?

MOTIONS FOR PAPERS

KING'S ORDERS AND REGULATIONS—APPENDIX 6

Mr. ROSS (St. Paul's):

For a copy of appendix 6 king's orders and regulations and any orders in council which may have been passed modifying the terms thereof.

ONE PARTY SYSTEM

STATEMENT OF MINISTER OF NATIONAL REVENUE THAT IT COULD BE ESTABLISHED ONLY BY FORCE

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to ask the Minister of National Revenue (Mr. Ilsley) a question growing out of reports of a speech he made last night in Toronto at the Toronto board of trade young men's association. It is headed:

Ilsley warns force is the price Canada is to pay; ruthlessly exerted in the fascist style is the only way.

This is as reported in the Ottawa *Journal* and the Toronto *Globe* to-day.

Inasmuch as England has had one hundred years of constitutional reform without force, I should like to ask the minister if he is correctly reported; if this is authentic, and if he made the same speech on the radio last night.

Hon. J. L. ISLEY (Minister of National Revenue): I am correctly reported, but I did not speak on the radio.

Mr. CHURCH: Force will not be needed. They will say it with ballots next time.

TECHNICAL EDUCATION

AMENDMENT OF ACT TO EXTEND AVAILABILITY OF BALANCE OF APPROPRIATION FOR NEXT FIVE FISCAL YEARS

Hon. NORMAN McL. ROGERS (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Technical Education Act to make available, for the purposes of the act, any portion of the unexpended appropriation during the period of five years succeeding the fiscal year ending March 31, 1939.

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

Mr. CHURCH: I do not wish to discuss this resolution because no doubt a bill will be introduced, founded upon it. Would the minister give some information regarding the provinces that have used the appropriation and those provinces in which there is a balance unused in their appropriation? Has he received any application from the board of education of Toronto this year for a building grant in connection with the work that is being done by thousands of students in aeronautics in the Central technical school? Did he hear their request, and if so, what action was taken? The committee ought to know, before the resolution is passed, what balances of appropriations are unexpended and to what provinces they belong. How does Ontario stand? Will the minister bring in other aids to technical education and grants this year?

Mr. ROGERS: This resolution precedes the introduction of a bill which is intended to renew for another five years the Technical

Education Act of 1919, as previously amended in 1929 and 1934, for the purpose of permitting the province of Manitoba to take up its original allotment under the act of 1919. The earlier amending acts of 1929 and 1934 were designed for the same purpose, namely, to permit those provinces that had not taken up their allotments under the original legislation, to do so. Manitoba is the only province that is now enabled to take advantage of the legislation, and the amount which may still be claimed by that province under the act is $286,037.59.

As to Ontario, it was the only province which took up its full allotment during the currency of the original legislation, between the years 1919 and 1929. As regards the request made by the board of education of Toronto, it related to some special assistance for the purpose of enabling the board to extend its technical school in order to give courses in aeronautical engineering. I received a delegation from the board and we discussed the matter fully. We canvassed it from their point of view and our own, and I believe they were fully persuaded, at the conclusion of the interview, that there was no fund available from which the dominion could grant assistance for the construction of a building for technical education in Toronto, the province having exhausted its allotment under the original legislation.

Mr. CHURCH: Surely the minister, in respect of this matter will pay some heed to the royal commission's report away back in 1913 that it is a federal problem with regard to technical education and youth technical education, in view of the large number of men and youths out of work. Does the minister contemplate any more resolutions along this same line to help education, youth and unemployment?

Mr. ROGERS: This matter has been discussed on various occasions. When the Technical Education Act was renewed in 1929 and 1934, it was not contemplated that the provinces which had taken up their original allotments would be enabled to receive further allotments under the succeeding legislation, and under the legislation which will be brought down when this resolution is accepted it is not proposed that grants for technical education shall be made to any provinces apart from the one which has not taken up its original grant.

Mr. MASSEY: Is it possible without enabling legislation to introduce a bill similar to the Technical Education Act of 1919.

[Mr. Rogers.]

Mr. ROGERS: I am not sure that I understand the question.

Mr. MASSEY: Technical education is, of course, a matter for the province, and the Technical Education Act of 1919, the full appropriation under which was taken up by Ontario and other provinces, has now been exhausted except in so far as Manitoba is concerned, so that this legislation is to complete the original design of the act of 1919 in relation to that province.

Mr. ROGERS: That is correct.

Mr. MASSEY: When Manitoba takes up the $288,000, the act is virtually completed and there is no more act. The introduction of a new act to function along the lines of the Technical Education Act of 1919 would invade, if one wishes to use that word, the educational rights of the provinces. Could such an act be introduced without enabling legislation?

Mr. ROGERS: If that were the policy of the government, I see no reason why such legislation could not be introduced in this house. That aspect of the matter was considered carefully when the act of 1919 was introduced, and I believe it was the view of the Department of Justice that it was possible for the dominion parliament to assist education in the provinces through grants in aid. It was through this method that the act of 1919 was put into effect.

Mr. MASSEY: The situation has not changed from 1919 to the present day, and therefore there is no handicap or hazard in the way of introducing an act such as the previous one. Am I clear in that?

Mr. ROGERS: Subject only to possible interpretations that might be put upon the decision of the judicial committee of the privy council in the unemployment insurance case.

Mr. WALSH: I had previously discussed this matter privately with the Minister of Labour with a view to considering technical education and the possibilities suggested by the hon. member for Greenwood (Mr. Massey), but I realize that the time is short and the government is anxious to have this resolution adopted this afternoon. I refrain, therefore, from discussing technical education at this time. No doubt an opportunity will arise when the bill is introduced, or when some other measure is brought in bearing upon the subject. If I understand the rules correctly, and if I can have another opportunity to urge upon the government the necessity of something being done along the lines

already suggested by the hon. member for Greenwood, I shall refrain from discussing the matter further this afternoon. Have I correctly interpreted my position; shall I have such an opportunity if I am present in the house when the matter comes up?

Mr. ROGERS: Following the acceptance of this resolution the bill will be introduced. It is a very short bill; but, it will have to go through the usual stages in this house, and I would think that such an opportunity would arise on the second reading of the bill.

Mr. HEAPS: Is it the intention of the government at this session to extend the provisions of the act by making further appropriations possible for the other provincial governments which have already exhausted the benefits of the act?

Mr. ROGERS: That is really a matter of government policy and, as my hon. friend is aware, government policy is disclosed from time to time as the government sees fit. But when we were considering the program for youth training we had to consider where the expenditure of money for purposes of this kind could be made most efficiently and with the best immediate results. We reached the conclusion at that time that under a program of youth training, a large part of which consists in technical training, results will be accomplished more efficiently and more quickly than by renewing grants for technical education. I should add that the annual amounts made available under youth training plans are double those made available under the Technical Education Act.

Mr. MASSEY: Have any communications of recent date been received, other than from the city of Toronto, asking for grants similar to those made under the Technical Education Act of 1919?

Mr. ROGERS: From time to time the Department of Labour receives communications from boards of education supporting the view that the earlier grants for technical education should be renewed. I have no doubt that similar requests were received by the preceding administration. I recall a request from the city of Ottawa along lines similar to that referred to by the hon. member for Broadview (Mr. Church). The city of Ottawa through its board of education asked special assistance in connection with a building for aeronautical engineering. The same answer was given to them as to the city of Toronto, that there was no appropriation from which such assistance could be given.

Mr. NEILL: Has British Columbia exhausted its grant under the act of 1919?

Mr. ROGERS: British Columbia exhausted its grant in the second period of the act, that is between 1929 and 1934.

Mr. CHURCH: The board of education of Toronto met the minister, and the Toronto members do not like the reception which they received. The government collects nearly $100,000,000 revenue from the city of Toronto—

Mr. ROGERS: Is my hon. friend taking exception to the reception they were given?

Mr. CHURCH: They have thousands of students there day and night, and with the growth of aviation for commercial, domestic and defence purposes, surely the government can give some money to help put up a building and start work in cooperation with the municipality. But they are not doing it. The people will be very much discouraged with the answer given this afternoon and the answer given to that deputation, although they were received quite politely. Surely the government should do something. In view of the growth of aviation as an industry, these student mechanics and others are needed, and employment can be found for them as fast as they graduate.

Mr. ROGERS: I am sure my hon. friend is not expressing the view of any member of the delegation when he complains of the reception accorded them. We did have a thorough discussion of the representations they made on behalf of assistance to their school of aeronautical engineering, but it was impossible to give them any answer other than the one that was made. Although they were disappointed, certainly they made no complaint to me that they had not had a friendly reception or that their representations had not been given proper consideration.

Mr. PELLETIER: Has Alberta exhausted its grants?

Mr. ROGERS: Alberta exhausted its allotment in the second period, between 1929 and 1934.

Resolution reported, read the second time and concurred in. Mr. Rogers thereupon moved for leave to introduce Bill No. 33, to amend the Technical Education Act.

Motion agreed to and bill read the first time.

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

Thursday, March 2, 1939

The house met at three o'clock.

WAR MUNITIONS AND MATERIALS

PETITION OF MONTREAL WEST UNITED CHURCH FOR EMBARGO AGAINST SHIPMENTS TO JAPAN

Mr. W. A. WALSH (Mount Royal): Mr. Speaker, it was my privilege and pleasure to receive a communication from the Reverend Clarence Halliday, chairman of the session, and Thomas McLaren, clerk of the session of the Montreal West United Church, enclosing a copy of a petition to be presented to parliament and to the government in connection with the placing of an embargo against shipments of war materials to Japan. I desire now to present this petition to the house.

PRIVILEGE—MR. SLAGHT

ADDRESS DELIVERED BY HON. W. D. HERRIDGE IN OTTAWA ON MARCH 1

Mr. A. G. SLAGHT (Parry Sound): Mr. Speaker, I rise to a question of privilege. I desire to direct the attention of this house to an address purporting to have been delivered last evening in this capital city by a man named W. D. Herridge, and published in a newspaper known as the Ottawa *Citizen,* a paper to whose subversive activities it was necessary for this house to refer yesterday. I shall explain in a moment my question of privilege. Let me say, sir, that it affects the leader of the opposition (Mr. Manion) and his entire group, the Prime Minister of Canada (Mr. Mackenzie King) and our entire group, the leaders of the other two groups opposite, and every one of the 245 members of the House of Commons.

This newspaper contains what purports to be a verbatim report of the speech, and among other things this gentleman said this:

> The first thing that Canadians have to do is to give their country a free parliament. Because to-day the parliament of Canada is not free to serve the people.

The second vile slur he cast upon this parliament and every member thereof is contained in this language:

> You must choose between the old parties and democracy. If the old parties are left in control of parliament, I believe they will unite. After the next election, or perhaps before—

That affects the members of this house.

> —the Liberal and Conservative parties will become one party. Its government, in name, will be a national government. In fact, it will be a fascist government.

Those are ugly words in Canada to-day. Lest there should be any doubt as to his charge of conspiracy—

[Mr. Rogers.]

Mr. LANDERYOU: How about McCullagh?

Mr. SLAGHT: If my hon. friend will bear me out in this matter of grave importance, I believe he will agree with me in what I propose.

So that he might leave no doubt in the minds of the people of Canada that he was charging conspiracy of a criminal type and character, he used this further language:

> When this conspiracy for national government is a little more advanced, the element of crisis will be introduced. There will be a good deal of imperial flag waving. Elder statesmen will be uncorked to take their part in it, little understanding that their venerable voices will be urging empire destroying practices.

That indicates to me, Mr. Speaker, that this gentleman, a new found Moses in his own eyes, a gentleman who is in my view a political mountebank, has charged every member of the House of Commons with being ready to conspire to form a fascist government. He has said that every member of the House of Commons is serving here not in a free parliament, and he abuses all parties and groups alike.

My friend who interrupted will find that he is taken care of in the course of the address. I quote further:

> This is not the proper time to deal with that or refer to it.

This gentleman who joined the Conservative party in the year 1930 goes on to say that when he joined it he was sentimental about it, and then he rails at contributions for political purposes, and he rails at the evil of patronage. Let me ask this house whether there is a greater patronage monger in the Dominion of Canada than W. D. Herridge. He joined the Conservative party in 1930 for the first time, and he was a fast worker. He had been there but a few months when he received what is perhaps the greatest plum in the gift of Canada. I have taken the trouble to see what amount of patronage and public money he drew from our treasury. I find that from June 1, 1931, when he was appointed until October 23, 1935, when he resigned—

Mr. LANDERYOU: What about Colonel Ralston, who received $200 a day and expenses?

Mr. McLEAN (Melfort): You do not like your fascist friends being exposed do you?

Mr. SLAGHT: I wonder if I had better suspect the hon. gentleman and say that there are 244. This gentleman who decries patronage in this country was appointed on June 1, 1931, and resigned on October 23,

1935, and if my arithmetic is correct—I have gone to the auditor general's report, which I have here for verification—he was in office in that important position, described in the Parliamentary Guide as His Majesty's Envoy Extraordinary and Minister Plenipotentiary at Washington—

Mr. McINTOSH: Extraordinary, all right.

Mr. SLAGHT: And his views are extraordinary, if I may be permitted to say so. This gentleman, in the first ten months of his office, to March 31, drew salary amounting to $10,000.

Mr. MacINNIS: On a point of order Mr. Speaker, I should like to know where is the question of privilege that the hon. gentleman is raising. There may have been a question of privilege at the beginning, but there is none now. I would ask, sir, for your ruling.

Mr. SLAGHT: Altogether he drew over $100,000 from the public treasury.

Mr. SPEAKER: Order. Do any other hon. members wish to speak to the point of order?

Mr. LANDERYOU: Yes, Mr. Speaker. If it is right for a member to make reference to the salary that may have been paid to an individual, and if we are going to discuss these matters, we might as well give the salaries paid to all officials of the government and show the patronage given under the Liberal party.

Mr. SPEAKER: I consider that there is no point of order.

Mr. SLAGHT: I shall take only two or three minutes more.

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: Perhaps my hon. friends did not hear the Speaker say that he does not consider there was any point of order.

Mr. SLAGHT: Let me conclude by saying that this fastidious gentleman, who criticized the representatives of Canada as a whole in this house, the members whom the people from every riding sent here to represent their views, drew down from the public trough—ate the bread paid for by the taxpayers, drank the wine paid for by the taxpayers in his house in Washington for four and a quarter years at the expense of this country—in excess of $125,000.

Mr. LANDERYOU: So has the Liberal party.

Mr. SLAGHT: Let me suggest that if there is a gentleman in this house who approves of his subversive, vile, slanderous imputations on Canada and our parliament, let him rise in his seat and support it.

Mr. LANDERYOU: Right here—I do.

Mr. LAPOINTE (Quebec East): Mr. Speaker, I did not want to raise a question of privilege, but since the hon. member for Parry Sound (Mr. Slaght) has done so, may I say this. There was a sentence in the speech as it came over the radio last night—I had the misfortune to be indisposed and I heard the speech—which struck me at the time, and which I read now in the *Citizen*:

> You will never get prosperity until you get into parliament men who love this country better than themselves.

That, Mr. Speaker, is a mean, slanderous statement, and I repudiate it for all my colleagues in this parliament.

Mr. DUPUIS: Mr. Speaker, I should like to add my word of protest against the address of last night. Allow me to say to that new Moses that he will not be able to cross the Red sea without drowning himself.

Mr. POULIOT: Mr. Speaker, rising to a question of privilege about this unfortunate incident, may I remind you of what happened one day in connection with a former postmaster-general who was supposed to be very mean. He went to a tailor to have his coat turned, and the tailor said, "It is most unfortunate, sir, but I cannot turn it because it has already been turned." That is what happened to Mr. Herridge, who is a false prophet.

Mr. SPEAKER: Order.

Mr. PELLETIER: Mr. Speaker, I rise to a point of order.

Mr. SPEAKER: The incident is closed. The house will proceed with questions.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

LINDSAY ARSENAL

Mr. MARSH:

How many people were employed at the arsenal at Lindsay, and what was the amount of the yearly payroll for 1938?

Mr. MACKENZIE (Vancouver): The answer is: (a) Twenty-five in 1938; (b) $5,934.70.

OLD AGE PENSIONS

Mr. NEILL:

How many people in Canada are presently receiving the old age pension and who are: (a) over the age of 90 years, male and female; (b) over the age of 80 years, male and female?

Mr. DUNNING: This information is not available. The administration and granting of old age pensions is under the jurisdiction of provincial authorities and the lists submitted by the provincial authorities are pay lists only for audit purposes. Detailed information regarding age and sex of pensioners is on file only in the offices of the provincial authorities.

FISHERIES VESSEL "MARMAT"

Mr. BROOKS:

1. Is there a boat in the service of the Fisheries department called the *Marmat*?
2. If so, is she owned or leased by the government?
3. If leased, from whom, and what are the terms of the lease?
4. Has there been any increase in the amount paid under the lease since December 1, 1935?
5. If so, how much?

Mr. MICHAUD:

1. Yes.
2. Chartered.
3. Chartered from McKenzie, Irish and MacDonald of Pictou for approximate season May first to October twentieth at charter rate of $300 per month, department supplying men, gasoline, oil and fuel.
4. No.
5. Answered by no. 4.

WHEAT IMPORTS AND EXPORTS

Mr. THOMPSON:

1. How many bushels of wheat did Canada import from the United States during each of the years 1936, 1937 and 1938?
2. How many bushels of wheat did Canada export to the United States during each of the said years?

Mr. EULER:

1.

Calendar years	Bushels
1936	98,053
1937	1,077,071
1938	5,637,644

2.

Calendar years	Bushels
1936	23,952,478
1937	1,160,408
1938	20,144,466

DISTRIBUTORS' DISCOUNTS

Mr. LAWSON:

Have any general distributors' discounts, cancelled since January 1, 1939, detailed list of which is set out on page 2 of sessional paper No. 166, tabled in the House of Commons, on February 22, 1939, been reinstated or temporarily reinstated after cancellation?

Mr. ILSLEY: No.

[Mr. Neill.]

TORONTO PARCEL POST SERVICE

Mr. LAWSON:

1. Has the contract for carrying parcel post in the postal district of Toronto expired? If so, when?
2. Was such contract extended at the date of expiration?
3. Were any tenders called before such extension, if any, was granted?
4. If such contract is to expire at an early date, will tenders be called before a new contract is awarded?

Mr. McLARTY:

1. Yes—14th January, 1939.

2 and 3. It is being carried on temporarily, pending the drawing up and printing of specifications preparatory to the invitation of public tenders.

4. Yes.

QUESTIONS PASSED AS ORDERS FOR RETURNS

OKA SAND AND GRAVEL COMPANY

Mr. LACOMBE:

1. Did the dominion government grant to the Oka Sand and Gravel Company the right to dig sand from the shores of Lake of Two Mountains, near the property of Reverend Trappist Fathers, Mr. Laurent Desjardins and others?
2. If so, on what date and in what year was such right granted, and for how long?
3. If not, will the government protect the shores of riverside owners against damages or possible damages from the digging of sand from such shores?

JAPANESE INTERESTS IN BRITISH COLUMBIA

Mr. MacNEIL:

1. Have interests in Japan acquired control of extensive timber limits on Malcolm island, on the Queen Charlotte islands and on Vancouver island, south of Cowichan lake?
2. Have interests in Japan acquired control of mines at Sidney inlet, Louise island, and at Ikeda bay?
3. Have dredging operations with construction of tunnels suitable for oil storage been undertaken at the Surf inlet mining camp, Vancouver island, under the supervision of a former officer of the Japanese navy?

Mr. MACKENZIE KING: As it will take some time to procure the information necessary to answer this question, I suggest that it be made an order for return.

ROYAL CANADIAN MOUNTED POLICE—PHOTOGRAPHIC EQUIPMENT

Mr. PERLEY:

1. Did the Justice department or any other branch or department of the government during the years of 1935 to 1938, purchase photographic equipment for the Royal Mounted Police in Regina, or for any part of Saskatchewan?
2. If so: (a) from whom was the equipment purchased; (b) what was the nature of the equipment; (c) through what dealer was it purchased, and (d) what was the price paid?

Mr. LAPOINTE (Quebec East): Mr. Speaker, as this is a very long answer I desire that it be made an order for return, now tabled.

BUSINESS OF THE HOUSE

REDIVISION OF WORK OF COMMONS AND SENATE TO MEET MODERN CONDITIONS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I wish to ask the government a question, and this is the only way I can bring it up excepting upon a motion to go into supply. In view of what has been said in and outside this house and in the other house, will the Prime Minister (Mr. Mackenzie King), the government and the house give consideration to a redivision of the work of the two houses so as to increase the efficiency of parliament to meet modern conditions? I do not like to bring this question to the attention of the hard working Prime Minister in this way, but it is the only opportunity I have to do so.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think the best way for me to answer is to say, yes.

PRIVILEGE—Mr. PELLETIER

QUESTION RESPECTING RULE AS TO QUOTATIONS FROM NEWSPAPERS

On the orders of the day:

Mr. R. A. PELLETIER (Peace River): Mr. Speaker, I rise to a question of privilege. I have no desire to revert to what the hon. member for Parry Sound (Mr. Slaght) was discussing, but I should like to point out to your honour that some time ago one of our members spoke on a point of privilege concerning a newspaper, and I simply desire to say this: I hope that what has been done to-day will be taken as a precedent.

Some hon. MEMBERS: Order.

CANADIAN NATIONAL RAILWAYS

CARRIAGE OF TEXAS VEGETABLES FROM CHICAGO TO MONTREAL AT UNITED STATES RATE

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, it has been brought to my attention that Texas beets, cabbage and carrots are being carried by the Canadian National railway from Chicago to Toronto and Montreal at a cheaper rate of freight than from Windsor, Ontario, to these points. The railway rate on Texas beets, cabbage and carrots has been established by the United States railways on a package weight of 34 pounds, although the actual weight is around 60 pounds, without ice. This means that the Canadian National railway is carrying these products from Chicago to Montreal on the United States rate. If this is correct, will the government take immediate steps to eliminate this unfair competition?

Right Hon. W. L. MACKENZIE KING (Prime Minister): We are getting from the sublime to the ridiculous when it comes to asking a question of this kind on the orders of the day. I suggest that it be ruled out.

Mr. SPEAKER: Dropped.

WAR MUNITIONS AND MATERIALS

REQUEST FOR TABLING OF CONTRACTS AMOUNTING TO $5,000 OR MORE

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): I should like to ask the Minister of National Defence (Mr. Mackenzie) if he will shortly table any other contracts which may have been made with contractors by the department for the production of munitions or armaments within Canada.

Hon. IAN MACKENZIE (Minister of National Defence): Yes, I shall be glad to do that. Last year the leader of the opposition confined his question to contracts over $5,000. Do I understand—

Mr. MANION: That will be quite satisfactory.

Mr. MACKENZIE (Vancouver): Up to the 13th of January I have tabled 283 contracts, and I shall be glad, as soon as the copies can be prepared, to table the rest of them. I want every one of them to be referred to the committee on public accounts.

Mr. LAWSON: Lest there be any misunderstanding of the definition of the word "armaments," may I ask whether contracts for gas masks and other materials of the kind will be included among those tabled?

Mr. MACKENZIE (Vancouver): Certainly —any equipment of any kind of a value of over $5,000.

Mr. POULIOT: And life savers.

Mr. MACKENZIE (Vancouver): May I inform my hon. friend that all departmental contracts of over $5,000 up to a certain date have already been tabled.

PENITENTIARIES

ESTABLISHMENT OF COMMISSION WITH POWERS OF ADMINISTRATION AND CONTROL

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved that the house go

into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to establish a commission with power under the Minister of Justice to administer, control and manage the penitentiaries; to provide for salaries of the commissioners and assistant commissioners; and, generally, to repeal and reenact with consequential amendments the Penitentiary Act.

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

Mr. LAPOINTE (Quebec East): Mr. Chairman, this resolution is to precede the introduction of a bill which will be similar to the one which went through this house last session, and which could not be adopted in the other place because of alleged lack of time. The legislation had been introduced only at the end of the session because the report of the commission did not come in until after the Easter recess. I suggest that I should be allowed to introduce the bill, and if any hon. member wants details, they can be discussed when the bill is before the house. It will be the Penitentiary Act substantially as it is today in the statute, except that it provides for the establishment of a commission of three to replace the superintendent of penitentiaries; the inspectors become assistant commissioners; and in the various sections of the act where the word "superintendent" has to be replaced by "commission" the necessary amendments are provided for.

Mr. WOODSWORTH: Are any outstanding amendments of the Penitentiary Act to be provided for by this measure?

Mr. LAPOINTE (Quebec East): No—just for the establishment of the commission.

As I stated last year, amongst the recommendations of the commission there are some which may be carried out by way of regulations, and no legislation will be necessary. There are others where legislation will be necessary. But my purpose is that the commission which will be appointed under this law should get acquainted with the conditions, and that any necessary legislation be approved by them.

Mr. CHURCH: Mr. Chairman, under this resolution the responsibility for the solving of this problem is on the government of the day, and not on the opposition. Four years ago this matter came up in the elections and in this house. When the present government was returned four years ago it appointed a royal commission, which toured the world and made its report late last session. The matter went to the senate, and the bill was laid over because, they said, they had not sufficient time to deal with it.

This social and domestic problem is probably one of the most important of our national problems. Just recently the minister's department issued a blue-book containing prison statistics and showing how large is the number of young people who are in these institutions owing to the failure of parliament to help solve the economic problems of unemployment and many other domestic problems. These young people are roaming the country; many of them are high school students who have never before been in such institutions. Some are sent to the county gaols for vagrancy, and then escape, and finally they land up in the federal institutions. I invite attention to the figures concerning these young people to be found in part II of the departmental statistics recently issued in blue-book form by the bureau of statistics. The number of young people in these institutions, many of them through no fault of their own, is surprising. Here one sees the cause and effect of unemployment in this country.

In England about half of these institutions have been closed. They have learned modern ways of prison reform. I have here reports which were made by the secretary of state for the home department in Great Britain, where they have been investigating this problem for the last four years in numerous ways. Here are four government books dealing with this matter. One has to do with the problem of youth and unemployment. Another relates to summary jurisdiction reform concerning the non-payment of fines and other sums of money, because in Canada there is still imprisonment for debt. The report shows that a large number of people were sent to these institutions because of non-payment of debt, and that some of them were put there without bail—an evil which was supposed to have been abolished years ago. Here is another report of an interdepartmental committee in Great Britain on the employment of prisoners inside and outside the institution, the care of their families, prison reform on a large scale, and the Borstal system. Why do we not do something? There is a national service program for youth in England; why not here?

As regards those who suffer through the delinquencies of persistent offenders, the wives and children at home, what have we done to meet the problem of taking care of these unfortunate people? Absolutely nothing. I pass one of these institutions in the train every week—I refer to the one at Collin's Bay—and I have been wondering what steps have been taken to improve conditions there. I do not blame the present

minister at all. He is a humane man and like his predecessors, has done the best he can to better the conditions that exist in our federal penal institutions. The responsibility is not altogether on the minister; it is very largely on this parliament. This is a problem that must be dealt with.

I suggest that those who sit in the chamber at the other end of this building should have some work to do. If they followed the practice in the senate at Washington they would be up and doing and not on holidays all the time. They are the body that threw out the bill last year and they should be here now to deal with this matter. Why are they on holiday? They can find lots of work here. It seems to me they should be studying this problem. I should like to see the bill introduced over there first.

We find in the provincial institutions the same state of affairs that exists under the federal department. There is also there an enormous increase among those who are classed as youths. We have had no results from the $4,000,000 spent since 1900 on commissions appointed to deal with various national problems. I am opposed to the appointing of any more such commissions. As I say, the responsibility is on the minister and on parliament. I have faith in the minister and I believe that he would administer the affairs of his department in a very satisfactory manner if he were given a free hand. I have no doubt that he could get along very well without commissions. It is a social, not a political question, of real importance.

Owing to the increase in the number of inmates some of the institutions in the province are overcrowded, with the result that last month, in the depth of winter, 131 men had to be taken by train from Portsmouth to the west, under conditions which should never have been allowed to exist. This is no time for any such policy as that. If the department has not the necessary buildings in the province, then those buildings should be immediately erected. The conditions that are reported in the newspapers—helpless men being shackled and tied to railway seats—are not conducive to law and order. These conditions are subversive of good government; they cause criticism and resentment. It is not fair to the wives and children of these men. If the country can spend $3,500,000 on a federal supreme court building in Ottawa—so far we have spent some $8,000,000 here on new buildings—surely some money can be found to carry out the recommendations contained in the report of a commission that has cost so much.

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I believe that the minister himself would have carried out some of the suggested reforms had be been given a free hand, because I have every confidence in him. Most of the reforms could be effected without delay. The minister is the dean of the House of Commons and has taken a great interest in this problem. May I offer him another constructive suggestion. Why is not something done in regard to first offenders who are sent to these institutions? A great many of them are sent there for insufficient cause. For instance, a man was found selling magazines on King street, Toronto, and was picked up and charged with vagrancy. He said to the magistrate, "Do I look like a vagrant?" The magistrate replied brusquely, "Yes, $30." One wonders whether there is any Magna Charta left. No wonder there are so many such trials in our courts. More care should be taken in appointing magistrates.

It seems to me that there would be fewer men in these institutions if the government took steps to reduce unemployment. The time has come when men should no longer be herded into gaols in Canada as they are to-day. I am surprised that the Minister of Labour (Mr. Rogers) is not here, because the problem we are discussing at this moment is largely wrapped up in unemployment. It is simply a matter of cause and effect. As to turning it over to a commission, I suggest that we have had enough of commissions in Canada. We have had a radio commission, a railway commission, a coal commission, and others, and I fail to see how this problem can be solved by passing the buck to a commission, because that body would be largely political. The commissions that have been appointed since confederation have merely prevented the House of Commons from dealing with problems that are thus sidetracked. We have almost entirely divested ourselves of responsibility in this house in respect of many national problems, yet when the reports of these various commissions are submitted they are pigeon-holed.

Is it any wonder that there is a decay of parliament and a decline of the House of Commons? The only branch of government that has increased in popularity in the past thirty years is the crown, as unquestionably it has in the dominions and in the old country; but the decay of the House of Commons is evident all along the line, simply because we have divested ourselves of authority. High school teachers, clergymen and others have been asking for reforms in our penal institutions; they have urged that the problem be dealt with in a comprehensive national way. I do not subscribe to any of the "sob stuff"

that we read in some newspapers on certain aspects of this problem. I believe that the minister wishes to have these institutions conducted in an efficient humane manner for the benefit of the community as a whole and I hope that he will be given a free hand. Men should be trained and equipped for this work. I am sure that some really practicable solution would be found if the minister took the matter into his own hands and had power to act at once. Value would be given us for the money expended. I venture to say that if the minister looked carefully into the records of the first offenders in provincial, municipal and federal institutions, at least one-third of the first offenders would be let out on parole and sent home. I hope this will be done during the royal visit, as has been done in England on different occasions. Certainly some steps should be taken to relieve the congestion by restoring to their families those first offenders who have got into trouble largely through riding the rods, and for less serious infractions of the laws respecting motor cars, petty thefts, escapes, and so on; and this should apply also to minor offenders who reform.

Mr. WOODSWORTH: I regret very much that the resolution is so restricted in scope. It is a very good thing to appoint a commission, but the royal commission which reported made a study of a great many reforms and brought in a large number of recommendations, and it seems to me that this would naturally be the time to give effect to a good many of those recommendations. I regret that apparently the Minister of Justice does not propose to bring about any very radical changes in the legislation. I do not think anything useful could be accomplished by my spending half an hour covering the ground already covered by the royal commission or directing attention to some things to which they directed attention; but I should think that this commission, however able the personnel, will not be able to do all that should be done under the existing statutory arrangements. For example, I think of just one matter which I might mention now. Representations have been made to me recently with regard to the adoption of something in the form of the indeterminate sentence. I am not sure—perhaps the minister could enlighten us—that this commission once it is appointed would have discretionary power to decide on questions of indeterminate sentence, something which I think a great many social workers have now come to regard as very desirable, especially as applying to younger boys and girls and those who cannot be regarded in any sense as hardened criminals.

I wonder whether there will be opportunity, when the act is open, for the introduction of other changes that the house may consider to be desirable.

Mr. LAPOINTE (Quebec East): I am following the course which has been recommended by the commission itself. With regard to any changes which might involve new legislation, they recommended that such legislation should first be carefully considered by the penitentiaries commission, and further that the progress of reorganization should proceed gradually and in accordance with a well planned program. I really believe that what my hon. friend has at heart, and what I also have at heart, will be better served by taking the first step, which is the appointment of the commission, a step which the investigating board not only recommended but insisted upon. Of course some of the recommendations have already been put into force. I shall be pleased to give details when the bill is before the committee or the house.

The hon. member for Broadview (Mr. Church) complained that this bill had not been introduced in the senate. I am sure he will admit that it was at least safer to introduce it first in this house; or I may be excused for having thought that the bill would have a better passage in this chamber, having regard to the fact that it was refused there last year, although I admit that there was reason for the complaint that they had no time to consider all its provisions and the changes that were made. But speaking generally as to the complaint which has been made not only in this house but in another place with regard to government measures not being introduced in the senate, I believe every hon. member will agree that it is only human nature that a government which has measures to introduce which it considers important should prefer to introduce them in a house where there is a sympathetic majority rather than in a house where the majority is on the other side.

Mr. STEVENS: The minister is pretty nearly out of order. He is skating close to the edge.

Mr. LAPOINTE (Quebec East): I am only on the fringe of being out of order. Perhaps there are some measures which could be introduced there, but generally speaking government measures ought to be introduced in the House of Commons where the representatives of the people are.

My hon. friend referred to the fact that 130 convicts were transferred from eastern to western penitentiaries a few weeks ago

because of overcrowding. This happens occasionally. I suppose there may be strength in the argument of my hon. friend that we should have a larger penitentiary in Kingston to receive all those from Ontario who are convicted. On the other hand when there is space in other penitentiaries, where we have an efficient personnel, I suppose it is more economical to use it. Under the conditions as they are, at any rate, it is the best way for the administration to solve the problem.

I was not surprised but rather pleased to hear the hon. member for Broadview suggest that we should release on parole at least one-third of the present penitentiary population. It so happens that in the legislature of Quebec yesterday we were accused of having released too many persons on parole. The two statements cannot be reconciled. We are doing our best to serve the needs of society, having regard to the possibility of rehabilitating young offenders who are not in the class of hardened criminals. When this can be done my hon. friend may be sure that I and my officers would rather err, if at all, on the side of humanity.

As I said at the outset, I shall be pleased to give any details which hon. members desire when the measure comes before us in the form of a bill.

Mr. NEILL: How many penitentiaries are there in Canada, and what is the approximate number of employees in them?

Mr. LAPOINTE (Quebec East): If my hon. friend does not object I will take note of all these questions so that I may give an accurate answer when the bill comes in. As far as penitentiaries are concerned, there is one in Dorchester for the maritime provinces; St. Vincent de Paul for Quebec; Kingston for Ontario; Stoney Mountain for Manitoba; Prince Albert for Saskatchewan and Alberta; and New Westminster for British Columbia. As to the number of employees, I should prefer to give the details later and be accurate.

Mr. NEILL: The answer the minister has given is sufficient for the moment. There are six penitentiaries. I suppose the number of employees at each would not exceed thirty or forty?

Mr. LAPOINTE (Quebec East): More than that, particularly at Kingston and St. Vincent de Paul.

Mr. NEILL: At any rate they would not come to a very large number. In that regard, or partly because of that, I agree with the views expressed by the hon. member for Broadway—

Mr. LAPOINTE (Quebec East): Broadview.

Mr. NEILL: That is more characteristic of him. He says he does not want any more commissions, and I am heartily in accord with that. We have too many commissions in Canada to-day; there is an ever-rising tendency to adopt that form of government. They are expensive; they immediately start to build up a large body of officials under them. These positions are not filled by the civil service commission; they are to all intents and purposes political appointments. That is not so important. What I do say is that this is a ready means of avoiding responsibility. How often have we seen this happen here: we have a grievance concerning some department and the minister in charge, apparently with the best intentions in the world, says, "I am sorry, but that is run by a commission and I am not responsible. I am only the mouthpiece of the commission. I will tell the commission what you say, and if they care to pay attention to it they will do so; if not they will not."

I do not want to see the government lose its responsibility. Why do we not have a commission for each of the fifteen or seventeen portfolios, if we are going to develop along these lines? As the hon. member behind me said, the present Minister of Justice has conducted his department for many years with credit and distinction to himself; his administration of the penitentiaries, the parole board and so on, which I have had some occasion to look into, has been excellent, and the same could be said with regard to the previous minister, Hon. Mr. Guthrie. Then why do we want to get away from that system and put in a commission, certainly not as able as the present minister and more or less political in character? Above all, why should the government evade the responsibility of dealing with the matter? The minister is perfectly capable of handling this branch of his department; why not let him do it? Why not a commission to administer the Post Office Department, which, instead of having only six offices, has hundreds and thousands of post offices to deal with? The Department of Public Works employs far more people and expends a great deal more money than the Department of Justice. Why not put a commission in there?

Since I have been in this house I have noted a growing tendency to appoint commissions of this kind, and with one or two exceptions they have all resulted in lessening the authority and freedom of parliament, about which we heard just a few moments ago from an hon. member on the opposite side. If we continue to hand over our duties and responsibilities

to a commission here and a commission there, soon we will not be a free parliament; we will be a parliament run by political boards calling themselves commissions. Even if I am the only one to vote against the bill I will oppose it for that reason.

Mr. STEVENS: I am not rising to offer any objection to this measure or to criticize the minister particularly, but I do think there are a few things that should be said. Some of them have been said already, but I should like to add one or two observations.

The resolution before us provides for the establishment of a commission. While we have not the details of the bill before us, from the observations of the minister I gathered that he contemplates only such amendments to the act as will erect a commission which will in turn work out a policy for the improvement of general penitentiary conditions. If I am too restrictive in my definition I wish to be corrected at this stage. If that is the case I think parliament would be evading its responsibility at this time if it did not take cognizance of present day conditions, which are undoubtedly aggravated conditions having in mind misdemeanours by the youth of the country, and lay down at least in theory some principles which would guide this commission in the discharge of its duties. I say that, Mr. Chairman, because if the commission is only to manage the penitentiaries I think we are wasting our time here and, as the hon. member for Comox-Alberni (Mr. Neill) has said, I would far rather see the penitentiaries remain under the Department of Justice. On the other hand, however, if the duties of the commission include studying the causes of crime and the alarming increase in crime, there may be some justification for its establishment, although I am not too enthusiastic about it even under those conditions.

It appears to me that parliament is taking notice of the congested condition of our penitentiaries and of the much advertised need of some reform in the method of dealing with criminals after they are convicted and incarcerated. That, it seems to me, is what parliament has focused its attention upon to the almost entire exclusion of any consideration of the causes of crime. I have before me a statement by Hon. Leslie Miller, governor of Wyoming, in which there are one or two things to which I think it would be profitable for me to refer and for the committee to hear. This gentleman, obviously recognizing his responsibility, made a careful study of crime in his locality, and he makes this observation:

> The essence of criminality is an anti-social attitude on the part of the criminal. This

is something that is acquired slowly, over a period of years. Case histories of thousands of prisoners reveal that invariably the criminal, not counting those imprisoned for crimes of passion, slipped into their criminal habits by degrees, with a long procession of crimes, each progressively worse.

This observation is not new but it is pertinent to the present situation. Criminals do not become such in an outburst of passion, except in a minority of cases. They grow out of a procession of habits or practices due largely to condition or environment. If that is true, my point is that parliament will not be properly discharging its duty unless it takes cognizance of that fact and of present day conditions, and at least attempts to make some provision for the correction or prevention of crime rather than merely an improved method of dealing with the criminal after he is created. There is an old adage which says, "Satan finds mischief for idle hands to do." I can remember that from my earliest childhood. The point, of course, is that idleness breeds crime. Of that there can be no doubt.

In the same article there is quoted an eminent French authority on criminology, Henry T. F. Rhodes, professor in the institute of criminology at the university of Lyons, France. He makes this pertinent observation:

> It is modern industrial society which produced the modern slum, that worst of all mass-produced articles. We have mass-produced slums and education at the same time.

Then he goes on to point out this fact, which I think also is pertinent, that millions of dollars are spent on improving educational facilities for youth; children are given airy, healthful schoolday surroundings, but they go back from those surroundings to live in the slums. Then he continues with this observation:

> They sleep night by night with three or four others in a stifling room. Often the living room is used for sleeping also. But overcrowding does not breed only the stunted and the anaemic. It breeds murder, sexual crimes and other abominations, things which are not mentioned at the public schools or in the homes of the subscribers to charity. The slums, plus an education fitting slum-dwellers for something better in a world which cannot afterwards give it, are the root of this dark problem.

What I want to emphasize is that parliament ought to recognize that the increase in crime in Canada, as in other countries like the United States, France and Great Britain, is largely due to the economic conditions which have prevailed during the last ten or fifteen years. I should like the minister to give heed to what I am saying.

Mr. LAPOINTE (Quebec East): I am.

Mr. STEVENS: I do not want to delay the committee, but it does seem to me that this is an important phase of the matter.

Mr. REID: Has the hon. member any figures to show that our penitentiary population increased during the years of economic distress as compared with when times were good?

Mr. STEVENS: If the hon. member will direct his question to the minister, he will get accurate information. However, I will hazard the opinion, without having the figures before me, that our penitentiary population has increased during the period of depression. As a matter of fact, during the last ten years crime has become a racket. While this has not been caused solely by the depression, it has been aggravated by it. Crime has become organized in our great cities, as was evidenced by the recent murder in Toronto of a man named Windsor. Crime is an organized racket, but I would go even further and say that it is an organized business. Those at the head of these rackets practise skilful business principles in their administration, and of course use criminal methods to enforce their will. This condition has been aggravated by the unemployment and idleness of so many young people, and it causes me a good deal of alarm. Perhaps later on when the bill has been brought down the minister will give us accurate figures for Canada, but the figures for the United States—I am not holding up that country as a horrible example by any means—show that one out of thirty-seven of the population is in the criminal class. I think the percentage is much less in Canada, because we have not the congested areas they have in the United States, but the incident in Toronto, to which I referred, and the other incident in Windsor about six or eight months ago, indicate that this condition has spread into Canada in the same organized form as it has in the United States.

Perhaps the minister will favour the committee with particulars of the ages of our criminals. I again speak from more or less superficial knowledge when I say that the youthfulness of our criminal class is something appalling. I know from observation that there are many very young men in our penitentiaries to-day. It is a startling, an appalling situation, arising largely, although not wholly, out of idleness, out of lack of opportunity to work. Parliament must take cognizance of this phase of the situation. As the hon. member for Broadview (Mr. Church) said a moment ago, the Department of Labour might very well be cooperating with the Department of Justice in an effort to eliminate the economic causes which lead to crime. These departments should try to present to parliament measures which would serve not only to improve the condition of the criminal after he is convicted but also to prevent the making of criminals through lack of employment and other causes.

It is not my intention to speak in a critical sense. Along with other hon. members I have a good deal of satisfaction in saying that my long acquaintance with the minister has demonstrated to me that he has desired to administer this very difficult matter in a fair, just and I think humane manner. But we dare not disregard the preventive as well as the corrective side of the question.

Mr. LAPOINTE (Quebec East): The hon. member for Comox-Alberni (Mr. Neill) has objected rather strongly to the appointment of a commission to replace the superintendent of penitentiaries. He says that we have too many commissions and too many officials. But may I say to him—probably he knows this already—that if there is a grievance in that regard, it certainly cannot be directed to the Department of Justice, which is undermanned in every branch. There have been no additions to the staff of the department, although the business has increased tremendously. Whether we call them commissioners or otherwise, these men are certainly needed to do the business which has to be done. This is a very important branch of the administration. I have the following on the authority of the commission which, as the hon. member for Broadview (Mr. Church) has said, made an investigation throughout the world:

> In our present system the problem of penal administration is too large in scope and too serious in results to be left in the hands of one man. It is noteworthy, as a matter of record, that Canada is practically the only country where the penal system is not administered by some kind of commission or board.

Then at page 362 of its report, the commission states:

> It is of first and immediate importance that legislation should be enacted to make provision for a prison commission.

They have had a prison commission in England since 1877, and they have had a federal prison board in the United States since 1930. As I have stated, the only difference will be that instead of one man there will be three. I can assure my hon. friend that these men will not be selected because of political affiliations. We will try to have men who are expert in this work. It has been urged for some time that there should be a medical man on the staff of the penitentiaries, an expert in mental diseases and that

sort of thing. The idea is to have three men at the head of our penal system whose names and abilities will be a guarantee to the people of Canada that this very important branch of the administration is being looked after properly.

The hon. member for Kootenay East (Mr. Stevens) has taken the broader view of the matter. He has said that we should look into the causes of crime and methods of preventing crime and improving social conditions. Of course, penology, which is the subject matter of this bill, is only one branch of criminology, which itself is a branch of sociology, all having to do with human nature. Penology has to do with prison management. I am not sure that my hon. friend's remarks having to do with unemployment and the various temptations that come to young men who are idle, while most appropriate, should not be made part of a different study from that which should be conducted by the heads of penitentiaries. This legislation is to take care of prisoners. Of course the heads of penitentiaries are vitally interested in anything that would tend to cure existing evils and help reform the men committed to their charge, as well as to protect society against them. I assure my hon. friend that I am noting every one of his remarks, and he may be sure that anything that can be considered by the penitentiary commission or the officers of the penitentiary branch in connection with the points he has raised will be most carefully considered. The statistics he has asked for with regard to the age of criminals in Canada and the number of prison inmates in various periods of prosperity and depression I shall be pleased to have prepared and give them to the committee when the subject is up again.

Mr. POULIOT: Mr. Chairman, the members of the committee will probably agree with me that the present Minister of Justice (Mr. Lapointe) is one of the best and most conscientious ministers of justice we have had since confederation, and it is because I am firmly of that opinion, which is generally accepted by the committee, as we have just noticed, that I ask the minister not to insist now upon presenting a bill based upon this resolution.

Everyone knows that the Archambault commission was appointed mostly for sentimental reasons. One of those who advocated its appointment was a very dear friend of mine, a good Canadian and a prominent journalist, the late Harry Anderson, formerly of the *Globe* of Toronto. It is wrong I believe, to consider penal matters from the point of view of sentiment. Gaol should not be made too attractive, although undoubtedly prisoners should be treated not only with justice but with humanity.

The Archambault commission, as the minister said, travelled throughout the world, mostly like Isaac Laquedem, the wandering Jew. They visited several countries and inspected several penitentiaries in the United States, when they could have got the same information by reading books published by the warden of Sing Sing and by other people.

In the last portion of the report we have twenty pages of bibliography, which means that the members of the commission must have read at least four hundred publications before they produced one. A well known book, My Prison, by Sylvio Pellico, published in Italy at the end of the eighteenth century, before Italy was a fascist country, unfortunately is not included in that list.

There is a reference note at the bottom of page 389 of the royal commission's report which takes away a lot of the credit from the report itself. At the foot of the first page of bibliography appears a reference note and I want the members, if the minister decides to go further with this legislation, to read these twenty pages of bibliography; then I am sure they will wonder whether any member of the commission read all these books. The reference note says:

> This material is, by no means, a bibliography of penology, nor does it include all the printed material studied by the commission. Much of the reference material studied by the commission has come from private sources and public libraries and is not included here.
>
> This bibliography lists only such books, pamphlets, and other material as is at present in the offices of the commission and which will be available for the use of those who are to be entrusted with the administration of Canadian penal institutions. It is hoped that this collection will form the basis of a reference library on penology and criminology in the offices of the prison commission.

Well, I do not believe any more in penology as understood by these gentlemen than I believe in phrenology and technology. It is a splitting of hairs. Of course phrenology is an interesting science. It is based on the lumps a man has on his head. But penology is a different matter. It is the study of crime. There are detective stories that are very interesting—Sherlock Holmes, for instance. I wonder if the adventures of Sherlock Holmes could worthily be included in the alphabetical list of publications appearing at the end of the commission's report. It is surely more interesting than all the books mentioned there.

Another interesting book which does not appear in the bibliography is one which was

written by a man who has given his life to improving the character of youth. I refer to Magistrate McKinley, who lives here in Ottawa. He is a very capable man, and I am surprised that his book, which is a small one, does not appear in this list.

I agree fully with the minister that the penitentiaries branch is one of the most important branches of his department. He said that Canada was one of the few countries in which there is no penology board to look after penitentiaries, and he suggests experts. It has been the practice of the dominion government since I have been a member of parliament that when a commission is created the men who are appointed to it are considered experts, whether they are or not. Judge Archambault was the chairman of the commission. He was a good lawyer. He is an ordinary judge, neither very good nor very bad, just the average, and a jolly good fellow. I suggest to the minister that if it is decided to appoint any other commission he select judges who are superannuated, because they are gentlemen of leisure; so long as they have their wits they can do that work very easily, and without delaying the hearing of cases. There are complaints that many lawyers, because of the lack of judges, have not the opportunity to have their cases heard; and when judges—I mean active judges—are on commissions of this kind it creates trouble in the administration of justice. I should like to see passive or superannuated judges selected to act upon commissions of this kind.

The two experts who were joined with Mr. Justice Archambault were distinguished lawyers —Mr. McRuer of Toronto and Mr. Craig of Winnipeg. I have looked in Who's Who to see what was the peculiar experience of those gentlemen in criminal matters. Both have been for short periods of time crown attorneys, one several years ago and the other lately. They may be good lawyers but they cannot be called penologists. Who is the best penologist? He is a man who has started young in an administrative capacity in the management or supervision of penitentiaries, and who has learned that profession little by little until finally he has become acquainted with the whole thing. I must congratulate the minister upon having appointed as acting superintendent of penitentiaries Mr. Sauvant, a very modest gentleman who is no less able than modest, and who is doing exceptionally well. I should like him to be appointed superintendent of penitentiaries under the present able Minister of Jutice and he should be given full authority. That is my first suggestion.

When the commission is appointed, its members are regarded as distributors of words which are to be received on a silver tray. These men have the science of the matter on which they are to make suggestions. Of course the government is no more bound than is parliament by any suggestion or any recommendation made by any commissioner or by the three together. That is my humble view. They are experts. If the bill passes, the minister intends to appoint to the commission men whose names and abilities will be a guarantee to the people of Canada. He has some of them already; he has Mr. Sauvant; he has others.

For one reason or another Colonel Piuze, who was a very good appointee as warden of the penitentiary of St. Vincent de Paul, left that position and now is head of the Quebec provincial police.

Mr. HEAPS: He looks after the enforcement of the padlock law in Quebec.

Mr. POULIOT: He is well known. I see that the hon. member for Winnipeg North (Mr. Heaps) knows him very well. He did quite well as warden. He left the service, and now he has another position. The title of his position is a matter of indifference to me, provided that he does his work well. On the other hand I wish to point out that the report is unfair to him. He made a personal study of the Borstal system when he was a delegate to a conference in Europe, and his travelling expenses were very small compared with those of Judge Archambault and Mr. McRuer and Mr. Craig. I should not be surprised if Judge Archambault has had to cut down the amount of his bill, because the figures were larger when they were first mentioned by the press than they are as they appear in the last report. I assume therefore that he reduced his charges as the result of some wise and sound recommendation. I do not know why these three gentlemen saw fit to abuse Colonel Piuze as they did. Is it because his report, although very small in size, was better than theirs?

Mr. WOODSWORTH: May I venture to ask the hon. gentleman if he suggests that these judges cook, or falsify, their accounts?

Mr. POULIOT: I suggest to my hon. friend (Mr. Woodsworth) that he should be just as industrious as I am and put that question to the minister, who will surely be glad to give him the information. There is a French proverb which is kown to all: *Dans les petits pots les bons onguents*—in small tins, good ointments. I never judge a report by its size. This is a big one, and I wonder if it is better, because it is big, than another smaller one.

Of course it is interesting reading—upon one proviso, that you read it all, to find the oases in the desert. I have found not only oases, but the Dead Sea, a dead sea in which there is not the salt of wisdom. Here it is, at page 323, where it speaks of Lieutenant-Colonel H. W. Cooper, warden of the Saskatchewan penitentiary—not precisely of him, but of the administration there:

> The discipline in this penitentiary is poor. The guards do not appear to respect the senior officers, and the attitude of the senior officers toward the guards does not appear to merit respect. The effect on the prison population is bad. The whole institution seems to be seething with distrust and intrigue. Members of the staff appear to believe that they are constantly being spied upon, both by their associates on the staff and by the prisoners, and that senior officers are willing to accept the stories that are told by prisoners about them. The prisoners are convinced that a system of espionage exists among them, and that certain prisoners are rewarded for bearing tales to the senior officers and that they are punished as a result of such information. The deputy warden admitted that he had received tales from prisoners and had accepted them, but he contended that it was his duty to do so. The warden also admitted that in certain instances he took action against prisoners on the strength of information conveyed to him by other prisoners.

And so on. This is very bad if it is true. I take the word of the commissioner on this point, although I candidly confess that I have not read the evidence. It seems to me that if those grave charges are substantiated, the only thing to do is to fire that warden at once and replace him with a man who has never failed to maintain order within a penitentiary.

I am not opposed to government legislation. I am such a staunch supporter of the Minister of Justice (Mr. Lapointe) that I will not vote against his resolution, or his bill if he presents one. On the other hand, I adjure him in the name of the principles in which we both believe to abandon the idea of submitting a bill based upon the resolution. We have enough commissions. I am against commissions. I am against commissions on principle and I am against this proposal in particular. If you appoint an investigating commission it is all right provided that those who sit on it do not try to make it a permanent institution in order to ensure jobs for themselves for life. Of course, when someone is appointed temporarily in any capacity—I am speaking from my experience as a member of parliament—he is notified that his job will be temporary, that it will last six months or one year or two years as the case may be, that it will cease some time; but he is never convinced that it will. He expects it to be everlasting and he expects a superannuation besides. Every member knows that.

Who, therefore, is the nigger in the woodpile? Who has been so insistent upon the commissioners recommending the appointment of a penal commission composed, not of phrenologists, not of technologists, but of penologists? Is not the nigger in the woodpile one of those who received a fabulous amount of money—relatively of course; it is not a million dollars but quite a substantial sum—when the investigating commission was carrying on its work? And then did not the minister—I assume this; I may be all wrong—receive, from anyone who had served on the previous commission, an application for the position of secretary to the new commission? Was anyone who served on the investigating commission recommended by someone else to any member of the government to serve on the managing commission? Since those who were acting as commissioners on the previous commission have read so many books that none of us can digest, are they not by that very fact penologists and therefore entitled to be called as experts on the new administrative commission? I would not be surprised at all, because probably there is no one in Canada who has read that quantity of literature; and I would not be surprised if many of those who have written these books are, not in prison, but in other asylums of peace.

I therefore reiterate my request to the minister not to insist upon this proposal. I tell him in advance that I will not vote against it, but I warn him that we have enough commissions in Canada as a whole. There are many commissions and they become irresponsible bodies. I believe in responsible government. I believe in the old policies of responsible government, in virtue of which the minister is responsible for the expenditure of money under his authority. If the Department of Justice is under-manned, let the minister choose good men, and if in his department there are incompetent men, whoever they are, let him fire them and replace them with good men.

If the charges made by the commission against the warden or the authorities—not only the warden but the officers—of Saskatchewan penitentiary are substantiated, then the only thing to do is to dismiss those who are unworthy of the confidence of the Minister of Justice and replace them with good men. There are good men in Canada. The Minister of Justice is one of them; the acting superintendent of penitentiaries, Mr. Sauvant, is another. There are many of them. But if there are outbreaks in the

penitentiary at Kingston and in other places, they are on account of the fact that those in charge were incompetent.

Now, what am I told? What is the rumour? I want to warn the Minister of Justice about it. I want to tell him what is being said in Kingston, where there is a penitentiary. They say that the commission is only a smoke screen to fire some people and replace them with others. It was said at the time that General Ormond was fired, it was said by no less a man than the leader of the Conservative party in the senate. It is beyond my comprehension, and I do not believe it. But, because the Minister of Justice is thoroughly familiar with his own department, and because he is one of the most brilliant parliamentarians and a good Liberal, he will understand that I do not speak as I do to-day in order to displease him. At times we see that policies are enacted to please someone or to displease someone else. The great mistake is that in pleasing someone, one may do wrong; and one may be right in displeasing somebody else. Therefore in such grave matters as this, the main and, indeed, the only consideration should be not to try to please or to refrain from displeasing, but to do what is right and not to do what is wrong. That is all.

I know the Minister of Justice will not do what is wrong, in order to please anyone or to impart to the commissioners the importance which they believe attaches to them, by agreeing with their report, which only justifies the expenses that were paid to them by the country, but he will do what is right and will proceed without instituting a new penitentiaries commission.

Mr. LACOMBE: (Translation) Mr. Chairman, I avail myself of the opportunity offered by this discussion to make a few suggestions which I believe to be in the interest of the administration of justice.

As St. Vincent de Paul penitentiary is situated in my constituency, I wish to draw the attention of the Minister of Justice (Mr. Lapointe) to the legitimate claims of the officers of that institution.

The time has come, in my opinion, to change the method of paying the salaries and wages of penitentiary staffs. They should be paid twice a month in the same way as other Canadian civil servants. For many years I have been repeatedly urging that this act of justice be done. In addition, our penitentiary staffs should be granted an eight-hour day, and in the interest of good administration their remuneration should be brought up to a reasonable level having regard to the type of service performed. Indeed, a recommendation to that effect appears on page 353 of the Royal Commission's report, in the following words:

> That the pay of officers be brought up to a reasonable level having regard to the type of service performed.

The Royal Commission also recommends that permanent status be granted to officers having one year of service or more. Indeed, why should penitentiary officers not enjoy the same privileges and the same protection as other civil servants?

Another aspect of penitentiary administration which I desire to emphasize is the important problem of the reformation and rehabilitation of the inmates. The staffs should never lose sight of their all-important mission of promoting the moral restoration of their charges. To rehabilitate without breaking should be the watchword of every penitentiary officer worthy of the name. In the performance of his high functions, the warden should never forget that firmness is often disastrous if it excludes charity and kindness. The combination of these virtues can work wonders with the most refractory convicts. Experience, moderation and sound management will enable our penal institutions to rid themselves forever of false conceptions of authority and achieve the fruitful results which the community is entitled to expect from them.

In closing, I desire to urge upon the committee the necessity of improving the training and education of penitentiary inmates, so that when released they may become useful citizens. The teaching of trades in our penitentiaries cannot be too greatly encouraged. Given capable and active instructors, prisoners will be able to learn carpentry, machine work, blacksmithing, shoe-repairing, clothes-making, binding, printing and numerous other trades which will enable them later on to earn their living respectably. However, I cannot over-estimate the importance of the theoretical and practical teaching of agriculture in penitentiaries. Discharged prisoners who go in for farming will be less likely to return to evil ways. The justice department has already achieved commendable results in the matter of education, training and reformation of prisoners. Some of our penitentiary officers have shown considerable ability in that regard; there is still room for improvement, however, as whatever is human is perfectible. In offering these few suggestions in the interest of penitentiary officers and inmates, I believe I am serving the community and the country.

Mr. McIVOR: I should have been well content to have had this resolution pass upon the explanation of the minister, because when the bill comes down there will then be opportunity to consider it, and also because the proposal is very much like the one we had last year.

I have had some experience in connection with criminals and criminology, and I do not think "criminals"—those convicted—are much worse sinners than those who were too smart to get caught. I do not agree with the hon. member for Kootenay East (Mr. Stevens) that crime is due to economic conditions.

Mr. STEVENS: I did not say that it was due to economic conditions. I said that present day economic conditions largely contributed to the increase of crime.

Mr. McIVOR: I am sorry; I put down the word "due." But I would even say that present economic conditions are not largely the cause of crime. I would quote Judge Hamilton of the juvenile court of the city of Winnipeg, as well as James Mutchmore and James Shaver, social workers in that city. Judge Hamilton said that in sections of Winnipeg where boys and girls were trained in the four-sided life, by Christian leaders, crime was practically absent. The hon. member for Winnipeg North Centre (Mr. Woodsworth) will bear me out in that, because he knows something of it. Judge Hamilton has given his time and work to the upbuilding of the youth of the city of Winnipeg, in which work he has been very successful.

To me the cure for crime among our youth is organized Christian leadership among our boys and girls, training them in the four-sided life. There are hon. members who say that it is not the business of this house to deal with questions concerning morality and spiritual life. I say that if the cause of crime can be removed by training and Christian leadership, then we should take a hand in it, as I think every hon. member of this house does in one way or another. Therefore I am for Christian and moral rearmament among our boys and girls. I shall have more to say on this later on. I hope this will be the last speech at the present stage.

Mr. THOMPSON: I rise to protest against any further commissions being appointed by this government. The appointment of commissions has come to be quite a popular mode of evading responsibility that should be taken by members of this house. These commissions have also come to be something of a racket. We find judges coming down from the bench to act as commissioners. I object to that, and I think the people of this country object. We want to keep our judiciary on a very high plane; they should not be constantly leaving the bench and going out on political investigations. I am sure it detracts not only from their dignity but from the high respect in which they should be held. If commissions are necessary someone other than judges should be appointed. The fees that are charged by lawyers, generally friends of the government, are altogether out of keeping with the value of the services rendered. These commissions are expensive luxuries, and they have not been very successful in finding solutions for the problems that they were appointed to investigate. In the last three years the present government has spent almost one and a quarter million dollars on these commissions, largely in order to evade responsibility that should be taken by this government.

I was surprised to hear my good friend the hon. member for Témiscouata (Mr. Pouliot) state that he was opposed to the appointment of this commission, as well as that of other commissions. With this I heartily agree, but the hon. member went on to say that even though he was opposed to the appointment of this commission he would support it because his good friend the Minister of Justice (Mr. Lapointe) was introducing the requisite resolution in this house. I do not think it is conducive to the enactment of good legislation when hon. members will speak against a bill and then vote for it.

I rose, Mr. Chairman, only to register my protest against the appointment of any further commissions by this government. I agree with the other speakers who have said that the Minister of Justice himself, with his adequate staff, is quite capable of giving good service to this country in regard to any penitentiary reform that may be necessary.

Mr. LAPOINTE (Quebec East): I have just a word or two to add, Mr. Chairman. I must say to the hon. member for Témiscouata (Mr. Pouliot) that in spite of his fervent appeal and request that I withdraw this measure, I cannot do so, because conscientiously and on my responsibility as head of the Department of Justice I think this measure is not only important but essential for the good administration of that department. My hon. friend adjured me not to do anything wrong in order to please anybody, and it is just for that reason that I cannot do wrong even to please my hon. friend from Témiscouata, that I am unable to withdraw this measure. I can only add that he certainly has been misinformed if he believes that any of the members of the royal commission are candidates for appointment

to the projected board. None of them is aspiring to that, and I can assure my hon. friend that none of them will be appointed.

With regard to the commission which investigated this matter, and for the appointment of which we were blamed by my hon. friend (Mr. Thompson) who has just resumed his seat, perhaps he will remember that for a number of years the government has been asked by various public bodies, by members of this house and by people interested in this branch of sociology, to investigate conditions in the penitentiaries of Canada. I well remember when my fellow townsman Archdeacon Scott, the good padre, came to see me and besought me to join my efforts with his in order to try to persuade the government of the day to appoint a commission to investigate conditions in our penitentiaries, which I did at that time. Even during the campaign of 1935 the pledge was given that such a commission would be appointed, and that is at least one of the pledges which have been redeemed.

The work of the commission itself of course is open to criticism. It is not perfection; there is nothing perfect in this world. I see my good friend opposite who represents Westmount, the hon. member for St. Antoine-Westmount (Mr. White). I once heard it said that perfection was in Westmount, but I do not think that is true. In regard to the work of this commission I may inform the committee that I have been in receipt of resolutions and letters from people and associations interested in criminology, including many who had been constantly in contact with the Department of Justice formerly, approving the work of the commission and endorsing most of their recommendations. I may assure hon. members that I would not feel I was carrying out my duty if I did not try to implement the recommendations of this commission. We shall, however, be able to discuss the matter further when the bill is before the house.

Resolution reported, read the second time and concurred in. Mr. Lapointe (Quebec East) thereupon moved for leave to introduce Bill No. 34, respecting penitentiaries.

Motion agreed to and bill read the first time.

LOAN COMPANIES ACT

AMENDMENT RESPECTING PENSION AND INSURANCE FUNDS FOR EMPLOYEES

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 27, to amend the Loan Companies Act.

He said: Mr. Speaker, the explanatory note contained in this minor bill I think fully deals with the purpose of it. I should say again that this bill has nothing whatever to do with small loan legislation, but deals with the regular Loan Companies Act of the dominion. The purpose is to make it quite clear that such companies have the power to establish pension funds for their employees; and that furthermore, when they work in conjunction with trust companies, they may establish joint pension funds with respect to employees who are jointly employed by the two companies. That is the whole purpose of the measure.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

TRUST COMPANIES ACT

AMENDMENT RESPECTING PENSION AND INSURANCE FUNDS FOR EMPLOYEES

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 28, to amend the Trust Companies Act.

He said: The effect of this bill is to convey to trust companies the undoubted right to establish pension funds for their employees and to cooperate with loan companies, when persons are employed jointly, in establishing joint pension funds.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

APPOINTMENT OF GEORGE A. TOUCHE AND COMPANY AS AUDITORS

Hon. CHARLES A. DUNNING (Minister of Finance) (for the Minister of Transport) moved the second reading of Bill No. 22, respecting the appointment of auditors for National Railways.

He said: This is the annual bill necessary to appoint auditors for the Canadian National Railways. The firm of auditors, Messrs. George A. Touche and Company, are the present auditors, and this bill is intended to reappoint them for another year.

Mr. MANION: They were appointed in 1936, were they not?

Mr. DUNNING: At the session of 1935 or 1936.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Before this motion is adopted, I should like to say I regret that hon. members of the House of Commons do not get all the

information that is available to the auditors. When the auditors inspect the books of the Canadian National Railways they see everything, but hon. members who are asking for information do not have the same advantage. I lodge my protest with the house now, but there will be other opportunities for me to say more when the minister in charge of this department is present. I hope the Minister of Finance (Mr. Dunning) will not insist upon advancing this bill another stage until his colleague, the Minister of Transport (Mr. Howe) is in the house.

Motion agreed to, on division, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Appointment of auditors.

Mr. DUNNING: May I say to the hon. member for Témiscouata (Mr. Pouliot) that ample opportunity will be afforded on the estimates of the Canadian National Railways and on other occasions for him to raise the question to which he referred a moment ago. In the meantime, I submit that the appointment of auditors should not be held up by an hon. member requesting information.

Mr. POULIOT: Have the auditors already started their work, or will they start only after this bill is passed?

Mr. DUNNING: The audit is continuous. They were appointed a year ago, and this bill is for their reappointment. I cannot state offhand the precise date at which their year of appointment terminates, but in any event they continue their work until parliament appoints their successors.

Mr. POULIOT: I comply with pleasure to the request of the Minister of Finance.

Section agreed to.

Bill reported, read the third time and passed.

CITY OF OTTAWA AGREEMENT

AUTHORIZATION OF PAYMENT OF $100,000 FOR THE YEAR ENDING JULY 1, 1939

Hon. P. J. A. CARDIN (Minister of Public Works) moved the second reading of Bill No. 25, to authorize an agreement between His Majesty the King and the corporation of the city of Ottawa.

Mr. J. A. PINARD (Ottawa East): Mr. Speaker, may I inform the house about certain questions in connection with this agreement. Certain criticisms have been made, both inside and outside the house, as to this $100,000 which is to be paid to the city of Ottawa On one occasion an hon. member from one of the Winnipeg seats told the house that we were not good sports in Ottawa. I should like to give some figures to show that this is not true. According to the last available figures for 1937, the value of government tax-exempt property in Ottawa was approximately $44,000,000. I understand that at the present time the value is approximately $53,000,000, but I shall take the previous figures.

Mr. HEAPS: Does that include the parliament buildings?

Mr. PINARD: Yes, and the hon. member should know that. He should have found that out before he spoke. This tax-exempt property is divided as follows:

Land, $8,332,375.
Buildings, $35,609,209.

The average tax rate is 42·5 mills. Public school supporters pay 39 mills, and separate school supporters, with many more children, pay 46 mills. This averages, as I said, 42·5 mills.

If this government were paying taxes like those our ordinary citizens have to pay, we should be receiving from the government $1,320,000 a year, whereas actually we receive only $100,000. Surely every hon. member knows, and, if not, I intend to make them aware of the fact, that every time this government—and the same is true of any other federal government in the past—expropriates buildings, it is not to help the city of Ottawa, but for the purposes of improving this capital city of the dominion. Hon. gentlemen know very well that we give federal government property every protection possible.

Let me cite a few figures. From 1918 to 1937, the government took over property in the city of Ottawa assessed at $3,711,255, on which we lost in taxes $137,692. From 1909 to 1937, expropriations by the government amounted to $5,659,555, which meant a loss in taxes to the city of $177,618. It must be remembered that these figures do not include properties owned by the federal district commission, which properties are also tax-exempt, and contribute no revenues whatsoever to the city. That is why I thought I would take time this afternoon to say a few words to inform hon. members on both sides of the house of the conditions that exist in our city.

During 1938 the government decided to expropriate practically all of Wellington street and Sparks street from Kent street, except the church. It costs so much for a church that they left that out. The properties expropriated were assessed at $920,720, and on these expropriations alone the citizens of Ottawa lost $36,000 in taxation. It has been contended that these expropriations and the con-

struction of new government buildings increase the value of property in the city, but may I say, Mr. Speaker, that is not the case. I have lived in Ottawa for sixty years; I know what has been happening here for the last fifty years at least, and whenever there was an expropriation, as on Sussex street, for instance, business went down to nothing; stores became vacant. When the government expropriated the north side of Wellington street the same thing happened. Every store on the south side of the street became vacant or profitable to nobody. The few who kept their buildings kept them because it was cheaper to keep them than to lease them.

Mr. HAYHURST: It would not enhance the beauty of the city to have stores near the parliament buildings or the new administrative buildings.

Mr. PINARD: If my friend knew conditions in Ottawa he would not build a store on Wellington street or anywhere in Ottawa. The only buildings that have been erected on the south side of Wellington street in recent years are the United States legation; the Victoria building, owned by Edwards and company, and, of course, the Bank of Canada building. Outside these one cannot find another building that was erected following the expropriation of property. The situation was the same on Sussex street.

I am not making a plea here for myself, or making a speech for votes at all. I do not need them because my seat is safe, much safer than that of many of my hon. friends; and even if I am not here in another parliament, some other member for Ottawa will be. I am making a plea simply for what is right and for what should be done, and in my opinion Ottawa has always been too generous towards all governments, because we have had all kinds of governments in the last twenty years.

What about the water service? We all know that Ottawa has probably the best water in the country. The city corporation has installed the most modern filtration plant, probably the best on this continent, at a cost of $1,500,000, and I have never heard a single complaint since then by any member that Ottawa water was not the best. It is better than one gets in Windsor. The ordinary business enterprise in Ottawa pays a flat water rate of 16·8 cents per thousand gallons, while the government enjoys a special rate of thirteen cents per thousand gallons up to two hundred million gallons, and ten cents per thousand gallons after that. The hon. member for Winnipeg North (Mr. Heaps), when he told the house that we were not good sports, must not forget that our water tax is 16·5 cents, while in Winnipeg it is 38 cents.

Let me give a personal instance. I am not making a political speech at all. I am simply pleading for fairness from the government to the city of Ottawa. When I bought a property in Ottawa thirty years ago my assessment was $3,500, and the taxes amounted to $68.90. At present my taxes on that property amount to $310 a year. So am I a good sport or not? Hon. members may call me something else, if they like, and I admit I am probably foolish. With conditions as they are, it is not profitable to own property in Ottawa. Property is a white elephant.

Here is another consideration. Everybody knows that the city gives the government fire protection, police protection, and the government uses our streets, yet no government has ever given the city a five cent piece for the maintenance and repair of our streets. We have to look after all that ourselves.

Furthermore, the city purchased properties on Elgin street from Albert street to Laurier avenue four or five years ago, and for that purpose had to issue twenty-year debentures amounting to $875,000. So the government has received back many times the $100,000 that is granted to the city. The Minister of Finance (Mr. Dunning) may say that the government has spent $200,000 or more in the city of Ottawa. That is all right. They can spend what they like. That is not my lookout; that was for the beautification of the capital city. It was not for me, not for the city of Ottawa, but for everybody in Canada.

So I ask the Minister of Public Works (Mr. Cardin), and the Minister of Finance as well, not to press the bill any further. Give us a chance. We lose every year $200,000 by the fact that through these expropriations we do not collect taxes, they are exempt every time. I believe it is only right that I should not have to pay to be a citizen of Ottawa, to be a resident of the capital city. I could go across to Hull, where I would be nearby; but I am considered to be a citizen of Ottawa, as I am, and when I speak for myself I speak for all taxpayers within the municipality. It seems to me that there is a certain lack of courage on the part of hon. members in not finding out what the country desires so far as the city of Ottawa is concerned. In 1912 a plebiscite was proposed to the citizens of Ottawa for the setting up of a federal scheme. It was voted upon and carried. At that time my hon. friends on the opposite side of the house, now the official opposition, were in power. That project never materialized; the old order has continued until to-day. If Ottawa were a federal district, nobody in this

house will deny that our taxes would be reduced. It is common sense. That is all I ask. It is useless to say any more.

I have been accused of not being in the house very often. I happen to represent a seat which keeps me elsewhere. If I were the member for Winnipeg North or the Yukon territory, I should be in this chamber all the time; I might be sleeping, sometimes, through some speeches in which I am not interested, but I would be here just the same. But it happens that I am busy outside the house, not in my own behalf but for the sake of those who are suffering. If members of the Social Credit party will listen to that they can make a good argument for themselves. I am trying to help the people, whether they are in the east or the west. I help them whenever it is possible.

After all, I repeat, why should the government not give us a fair deal? A fair deal would be to give us for ten years at least an annual grant of $200,000; and when I come here ten years from now I shall be ready to ask for more.

Mr. W. A. WALSH (Mount Royal): Mr. Speaker, I want to lend my support to the arguments put forward by the hon. member for Ottawa East (Mr. Pinard). Since 1925 the amount of this grant has remained at $100,000; but I believe that if hon. members have listened attentively to what the hon. member for Ottawa East has had to say, they will have found convincing arguments in his statements. He has pointed to the expropriations which have been made, and which have meant a loss of revenue to the city of Ottawa. As this administration well knows, governmental costs have risen materially since 1925, and yet we are paying the city of Ottawa the same sum as we commenced to pay in that year. I think the hon. member's point is well taken. The only thing I would ask of him is not to press the suggestion that this matter be held over, but to allow it to go through, with the suggestion that the Minister of Public Works (Mr. Cardin), the Minister of Finance (Mr. Dunning), and the government take into consideration what he has said and see whether they cannot bring forward next year a measure which will commend itself to all those who are interested in Ottawa, and particularly those who are ratepayers of this city.

We all enjoy the benefits and amenities of Ottawa. As a member, of course I find myself frequently in the position of opposing government expenditures, but I never oppose government expenditures in Ottawa for the purpose of beautification or the erection of beautiful buildings in this capital city. It is one place where they should be built. The only thing I do oppose is not getting one hundred cents on the dollar for expenditures on improvements. I believe the citizens of Ottawa, and not only they but all the citizens of Canada and those who come into our country and find an opportunity to visit the capital city, are quite satisfied with what this government and other governments have done to help make Ottawa attractive.

I did not rise just to place a few words on *Hansard*. I rose without any solicitation on the part of the hon. member for Ottawa East, to give him particular support, because I felt that the arguments he put forward were sound and should be persuasive as far as this government is concerned. If there is one point for which I can commend the present Prime Minister (Mr. Mackenzie King), it is his desire to do his very best for Ottawa. I believe he has done so and is still doing it, and I know he has the support of every hon. member in trying to realize the ideals which he holds before himself for the capital city.

I hope the Minister of Public Works will take into account the debate this afternoon and will give consideration to the possibility of some increase in the grant to Ottawa, to be brought down at the next session of this house or the first session of the next parliament.

Mr. A. A. HEAPS (Winnipeg North): The hon. member for Ottawa East (Mr. Pinard) has made certain accusations against myself which I think, upon a moment's reflection, he will find are unwarranted.

Mr. PINARD: Not serious.

Mr. HEAPS: Not exactly serious, but he made certain statements as far as I am concerned which I think he should never have uttered. He has said that I accused the people of Ottawa of not being good sports. I never used any such language in this house. I did say, I believe, on one occasion, that they were lacking in a certain sense of civic pride—a statement which I think I would repeat this afternoon.

Mr. PINARD: I wish to correct my hon. friend. If you did not say it, who said it? And if you said it—

Mr. SPEAKER: Order.

Mr. PINARD: Wait a minute. I—

Mr. SPEAKER: The hon. member should not address another hon. member.

Mr. PINARD: Very good, sir. But I just want to make a correction. If the hon. member said it he had it corrected in *Hansard* before it was published.

Mr. HEAPS: I think, when I make a statement in this house, the hon. member should accept the statement.

Mr. PINARD: I do.

Mr. HEAPS: He can go through *Hansard* as much as he likes, because on occasions of this kind I do not even go into the office of the editor of debates to read my statements. What I said was that Ottawa was lacking in a certain amount of civic pride, and I need only remind the hon. member and other hon. members of the time which was spent in pulling down that old ramshackle building which they called the tourist bureau of this city. Anyone walking up and down Elgin street knows what an eyesore that was to any individual who had in his mind the thought of making Ottawa a much nicer city to live in than it was then. I have always supported the government in its expenditures on Ottawa and in its beautification schemes. I remember that when the old Russell hotel was being pulled down, and money was appropriated in the house for that purpose, there was plenty of opposition in this chamber, but I was one who rose in my place and supported the government in its efforts to make Ottawa a finer and more beautiful city to live in.

When the hon. member tells this house about the vast amounts of money which have been lost through expropriation proceedings, he is showing only one-half of the picture. I was sorry that the hon. member for Mount Royal (Mr. Walsh) was so easily convinced by what the hon. member for Ottawa East said this afternoon.

Mr. PINARD: He is intelligent. That is why.

Mr. HEAPS: For instance, when the Russell hotel came down, what happened? For many years efforts were made to erect a new hotel in some other part of the city. Finally, because no organization would come forward with an offer to build a new hotel in the city, the Chateau Laurier built a large addition, on which the city of Ottawa now receives a considerable amount in taxes.

Mr. PINARD: How much?

Mr. HEAPS: As much as it got from the old Russell hotel; perhaps more.

Mr. PINARD: Oh, no.

Mr. HEAPS: I do not want to engage in any personal dispute in connection with this matter. The facts are a matter of record. While it is true that, when the federal government expropriates property, the city of Ottawa may lose taxes on the property expropriated, there is very often an enhancement in the value of adjoining properties. One cannot ignore that fact. Take Elgin street. Since the government expropriated properties there, other properties have become enhanced in value and the assessment has increased. If statements such as we have heard are to be made ex parte in this house, there should be a full and complete statement showing on the one hand what the government expropriated, and, on the other, the extent of the enhancement in values of adjacent properties.

We are told further by the hon. member for Ottawa East that this government should exist partly for the benefit of the people in the city of Ottawa—or words to that effect.

Mr. PINARD: I did not say anything of the kind.

Mr. HEAPS: I said, words to that effect.

Mr. PINARD: The hon. member is dreaming.

Mr. HEAPS: We should pay for the privilege of walking the streets of Ottawa—and things of that kind.

I suggest that my hon. friend should read *Hansard* and see what he really did say.

If it were not for the parliament and other government buildings in Ottawa there would not be very much of a city of Ottawa. The parliament buildings alone are assessed at probably $15,000,000 to $20,000,000 by the city. How much in the way of tourist traffic comes to this city by reason of the fact that these buildings are here? Is it fair for the hon. member to say that we should pay taxes on these buildings? Can he show me any provincial capital that pays taxes on its legislative buildings? If this government is to be expected to pay taxes on the property it owns in Ottawa, then every other city in Canada has the same right in its own municipality.

I do not know of another city in Canada which to-day is financially any better off than Ottawa, if as well off.

Mr. PINARD: Because we have a good administration.

Mr. HEAPS: When it comes to municipal financing, Ottawa is much better off than practically every other city in Canada, because when you take the unemployment situation you find that Ottawa has been able to finance it mostly out of revenue, whereas nearly every other Canadian city that I know of has to finance its unemployment problem out of capital expenditure. The unemployment situation has been adding enormously to the capital expenditure of other municipalities.

I could deal with this matter at considerable length from the point of view raised this

afternoon by the hon. member for Ottawa East. Let me assure him and other citizens of Ottawa that I have no objection to these grants being given to the city. All I want is some degree of equity between Ottawa and the federal government. I spoke a moment ago of the capitol buildings being here. In addition to that, there are other undertakings that are an asset to the community. For example, the government maintains the federal district commission.

Mr. PINARD: They do not pay taxes.

Mr. HEAPS: Does the hon. gentleman seriouly suggest that because the government maintains parks and boulevards for the people of Ottawa, and in addition to maintaining them provides capital expenditures, it should also pay taxes on them? I have never heard such a suggestion made in this house before. We maintain these parks and driveways, open playgrounds and other places of the same sort, and there is no other city in Canada where the government provides the same service for the people. Have I ever objected to these expenditures? Never. I have always supported them and I will continue to support them. I say to my hon. friend, however, that if we took away from this city all the work that has been done in beautification and so on, initiated and carried through by the federal government, there would be hardly anything that he could show to the credit of the city. Practically everything has been done by the federal government.

I am in favour of this grant; and if it can be shown that it is not sufficient, that the city of Ottawa is suffering a hardship because of expropriations, that it is losing vast revenues, then I am prepared to consider that aspect of the matter sympathetically. I have never objected to doing so, but I want to be shown first that the situation is as has been suggested before I can support an increased grant. But so far nothing has been shown that would warrant an increase even because of expropriations by the government. I am, however, in favour of this grant going through, and if Ottawa has anything further to submit—I hope it will be published if that is the case—and if it is shown that the grant is inadequate, I am prepared to consider the matter sympathetically.

Mr. J. J. McCANN (Renfrew South): The argument of the hon. member for Winnipeg North (Mr. Heaps) is entirely beside the point with reference to the vote for services in Ottawa. I commend the hon. member for Ottawa East (Mr. Pinard) and associate myself with him in the plea that he has made for this city. I do not agree with the hon. member for Winnipeg North in his statement that the expropriation of properties for government purposes enhances the value of adjoining property. That is certainly not so in connection with Elgin street. Elgin street was primarily a business street; now if it is to be used for any purpose at all it will be used for residences.

I think Ottawa is entitled to greater and more generous consideration by this government in payment for services rendered. It is true that this city is not an industrial centre. It is a capital city, and for purposes well known to those in charge of civic government in Ottawa it has never been intended, nor have they made any concerted effort, to make Ottawa an industrial city. The largest employers of labour in Ottawa are the government of Canada. They have practically 12,000 employees here. If there were an industrial concern in Ottawa employing 12,000 people, would such a vast corporation get away with $100,000 in taxes a year?

It should not be forgotten that Ottawa supplies the employees of the government with all those services which an up-to-date city renders to its citizens. We have in Ottawa, hospitals, schools, fire protection, police protection, water services and all the other things which in a city go to make up the public service rendered to the employees of any great organization. I submit that Ottawa loses thousands of dollars every year in rendering this service to the government and government employees and is not compensated fifty per cent therefor. This matter should receive more consideration. It has taken the form of a bill introduced from year to year, and I doubt very much whether the services rendered are given any more consideration than they were a few years ago when they cost considerably less. I agree with the hon. member for Ottawa East that Ottawa should get at least twice the amount it is receiving now. And I think it is up to him and the local civic government to press for further consideration.

Mr. T. L. CHURCH (Broadview): There is one question I wish to ask, notwithstanding what the hon. member for Ottawa East (Mr. Pinard) has said—because he is a member for the city as well as for the constituency. There has been nothing said in this debate this afternoon or in the discussion the other night which would alter the fact that these municipal services which the city of Ottawa is giving to the government of Canada—fire protection, police protection, water—are exactly the same as are given free by every other large municipality in Canada. I hope some-

thing will be done by the government to deal with this problem, which has been dealt with in the United States, England and Australia by grants and subventions as compensation for loss of taxes on government tax-exempt property, for services given to the federal government by the municipalities. The government has at present a program for the expenditure of some $8,000,000 on public buildings in this city, and in connection with these votes revenue and income should be considered. With all due respect to the federal district commission—we seem to have commission government in Canada now, and federal affairs seem to be administered somewhat at provincial capitals instead of at Ottawa—many buildings have been torn down in this city, a procedure which is interfering with the continuity of business streets and depriving the municipality of revenue.

In connection with the program which the government have for the unveiling of the great soldiers' memorial next May, they will surely have to consider a re-location of the various monuments on parliament hill to the fathers of confederation. Some are away in the back-yard, for example, D'Arcy McGee, Alexander Mackenzie; and even the great founder of our national system, Sir John A. Macdonald, is down at the end of this building. His monument should be moved to the forefront of the grounds, and the minister should take up the problem of re-locating on these grounds all the monuments of those who have done so much for this country. I hope he will also consider the matter of some payment to the larger municipalities which are giving to federal government buildings the very same service that the city of Ottawa is giving here.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On the title.

Mr. HEAPS: Before this bill is carried, I asked the Minister of Public Works the other day for certain information in regard to this matter. Has he that information now?

Mr. CARDIN: The information I promised to give my hon. friend the other day has been given by the hon. member for Ottawa East (Mr. Pinard).

Mr. HEAPS: I listened attentively to what the hon. member gave; it was only one or two items. I asked for an itemized statement showing the land and buildings in Ottawa belonging to the federal government, which are exempt from municipal taxation.

Mr. CARDIN: According to the assessment commissioner of the city of Ottawa the figures as of March, 1938, the latest we have, were:

Land	$ 8,332,375
Buildings	35,609,209
	$43,941,584

That is the total assessed value of government properties in Ottawa. I am informed unofficially that this valuation will shortly be increased substantially.

Mr. HEAPS: What does the $8,000,000 land assessment comprise. There must be a number of parks and playgrounds included in that.

Mr. CARDIN: I could not give that information, because the federal district commission is not under the control of the Department of Public Works but comes under the Department of Finance. Probably when the estimates of the finance department are before the committee the information can be obtained, but as far as my department is concerned, we do not have that.

Mr. HEAPS: I assume that included in the figures which the minister has just submitted is property under the control of the federal district commission.

Mr. CARDIN: No.

Mr. HEAPS: Is that figure exclusive of property held by the federal district commission?

Mr. CARDIN: Yes.

Mr. HEAPS: Then could we have also the value of federal district commission property which is exempt?

Mr. CARDIN: That can be ascertained.

Mr. HEAPS: What I am trying to ascertain for my own benefit and perhaps that of others interested, is what the federal government is doing for Ottawa. Until I have a fairly accurate statement showing what these exemptions are, whether land or buildings, and what the assessment on the adjoining buildings is, I am not able to judge properly as to the claim made on behalf of the city that $100,000 is not sufficient.

Mr. DUNNING: If my hon. friend will permit, me, instead of suggesting that the question be left until the estimates of the federal district commission are before the house, I would suggest a more expeditious and perhaps more complete way of getting the whole matter clarified, that is by means of a question on the order paper, which could

be answered by both departments concerned, either on an order for return or an answer to the question; giving (a) the assessed value of land and buildings owned by the Department of Public Works in Ottawa, and (b) the assessed value of federal district commission properties in the city, which are exempt from taxation. There are, of course, some properties of the federal district commission outside Ottawa, but I take it my hon. friend is speaking only of those within the city.

Mr. HEAPS: Within the city.

Mr. DUNNING: A question on the order paper will bring that information, and it would be then a matter of record.

Mr. HEAPS: I shall follow the suggestion of the minister, but we want more than that. When we get the figures before us, I shall want to know what use is made of these lands, and perhaps we can get that only when the estimates of the Minister of Finance are before us.

Mr. FACTOR: The hon. member could go to the assessment department of the city.

Mr. HEAPS: But I think our own department should have that information. I know that the federal government has laid out a number of parks here, and open spaces used for playgrounds. To get a fairly accurate understanding we should know what use is being made of these open spaces in order to find out whether or not Ottawa is receiving a square deal from the federal government. We cannot get it entirely from the figures.

Mr. DUNNING: We can give only what we have. Assessment values are the only values available. Take for example, certain properties of the federal district commission surrounding Dow's lake. What was their actual value before the federal district commission built them up and turned them into the beautiful park which now exists?

Mr. HEAPS: That is why the figures do not tell the whole story.

Mr. DUNNING: The only basis of value we have is the value assessed by the city. I might not agree with it, or my hon. friend might not agree with it; but if he asks for facts, that is the only approximation of fact we can possibly give. It is quite impossible to arrive at the present day commercial value of the properties of the federal district commission. The question of the value of a park has been a moot question in connection with assessment in many cities and many countries for many years. I do not believe we could get any better figure or any more accurate data upon which to form conclusions than the city assessment.

Mr. PELLETIER: If that is the case; if that is the only figure the minister has, how was it possible to arrive at the figure of $100,000 and to know whether it was either too little or too much? There must have been some method adopted.

Mr. DUNNING: Because the $100,000 bears no relationship whatever to the assessment.

Mr. HEAPS: Was that amount not arrived at by agreement between the government and the city of Ottawa?

Mr. DUNNING: Yes.

Title agreed to.

Bill reported, read the third time and passed.

FISHERIES ACT, 1932

ASSESSMENT UPON OWNERS OF OBSTRUCTIONS TO ASCENT OR DESCENT OF FISH IN STREAMS

The house resumed from Thursday, February 16, consideration in committee of Bill No. 15, to amend the Fisheries Act, 1932—Mr. Michaud—Mr. Sanderson in the chair.

Mr. MICHAUD: On the last occasion this bill was considered, it was approved and reported, but there was some question as to the legality of the procedure adopted by the hon. member for Comox-Alberni in trying to amend other provisions of the Fisheries Act by adding to the bill a suggestion which he called an amendment. Since then I notice the hon. member has introduced a bill of his own which apparently covers what he intended to accomplish by the amendment he had offered, and I thought he intended either to abandon or to withdraw his amendment in view of the fact that he has introduced a separate bill.

Mr. NEILL: Mr. Chairman, the minister is mistaken when he says this bill was reported previously. What actually happened was that someone moved that the committee rise, report progress and ask leave to sit again. Had it been reported, the next step would have been the third reading.

With regard to the suggestion that I should withdraw my amendment, that would put me under a handicap, because "to-day is ours and to-morrow is not". We have before us a government bill, on which I maintain—and I think the authorities bear me out; I should like an opportunity to argue the point before a ruling is given—that it is fully competent for me to introduce an amendment such as I have suggested. If I should drop my amend-

ment and trust to the vague, distant, fortuitous possibility—for that is all it is—that a private bill, or a public bill introduced by a private member, to be strictly accurate may be reached, I may find myself in the position that my bill may never come up. Private and public bills can be considered only twice each week, for an hour at a time. Private bills come first, and no doubt a large number of these, in the form of divorce bills, will soon come from the other house. In addition, the order paper indicates that, in any event, there are quite a number of bills ahead of mine, and it might well happen that under the conditions I have mentioned my private bill would never be reached. I introduced it only in order to do what a good general does, prepare a position to which he may retire if he is driven from his present one. Since I have looked into the merits of the proposed amendment and its relation to the bill now before the committee, I have become fully satisfied, from the best authorities, that my amendment is in order, and I should like to be allowed to go ahead with it.

I suggest that it is six o'clock, Mr. Chairman. If it is your wish I can go ahead and debate the point of order; it is up to you.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. NEILL: Mr. Chairman, at six o'clock I was giving my reason why I preferred that my amendment should be discussed now rather than in connection with the bill of which I have given notice. Being half dead with the popular epidemic which has decimated the membership of the house, I missed giving the most succinct argument for haste in this connection. The legislature of the state of Washington is now meeting at Olympia, and in that state the vested interests which are behind the use of traps are moving heaven and earth, and some other places as well, to have repealed a law which was passed by initiative and referendum some four years ago to prohibit the use of traps in those waters. That action was not taken by legislation; it was done by what is called initiative and referendum, that is, any one can have a certain action taken by obtaining a sufficient number of votes. That action would never have been taken by the legislature. The vested interests have been laying for this legislation in order to have it repealed. They failed two years ago, but the matter is up again.

One of the greatest arguments that they advance is that the Dominion of Canada has not kept faith with the written agreement and understanding between our fishermen and theirs. They contend that they have taken out 219 traps, while we have not taken out our four or five. This is the reason for the urgency. The scope of this matter is comparatively small, but I do not know of anything that has provoked so much ill feeling in the western states and British Columbia. It has become a matter between the common people and the vested interests. During the last few weeks the feeling ran so high, according to the reports in the press, that they had to bring in the equivalent of our sergeant-at-arms to clear the galleries in the legislature. That is why I am so urgent and insistent that we should pass this amendment to-night rather than wait for six, eight or perhaps twelve weeks hence, even though the bill might pass at that time, in order to get action. If we pass it now, the argument of those who want traps restored to United States waters would be gone. The opponents of traps would be able to say that now the conditions are fair. If we do not do this, the chances are considerable that they will put back their 219 traps as against the four or five on this side.

For the sake of some of the new hon. members, I should like to explain how this thing works. The largest and most valuable run of salmon in our waters is the sockeye salmon run, the greater portion of which approaches our shores from the southwest corner of Vancouver island. Then, for some unknown reason, the fish proceed across to Puget sound, which is United States waters and where there are no spawning streams. They circle round Puget sound and many of them are taken there before they can come back into the tributaries of the Fraser river. They go up the Fraser river for a thousand or fifteen hundred miles to spawn in all the creeks and rivers. We breed the fish and the Americans capture them. Prior to the passing of this initiative legislation, they took seventy per cent of the run. The proportions could be easily calculated because the fish are coming from one place and going to one place. Since the Americans removed their 219 traps, our share of the catch has run as high as eighty-six per cent. It would pay us as sharp-dealing people, let alone for reasons of fairness and humanity, to pension off the forty-one employees who are engaged to operate these traps, although I think the number is less than that, in order to retain

such a high proportion of the salmon. This is quite apart from the extra employment that would be given if these traps were removed.

I should like to explain just how a trap works. I have a sketch of one which I exhibit. The fish come round a headland and make for the Fraser river. The instinct of the homing salmon is just as great as that of the homing pigeon, and they cannot go anywhere else but around that headland. They go along the shore-line and they come up to a lead, as it is called, which may be 600 feet or 6,000 feet long. It is stretched out to a trap. They cannot get through there and they cannot get out on the shore, so they nose along until they come to the mouth of the trap. There are wings on each side of the mouth. They go through the mouth, and finally they reach a place with a little hole like the neck of those ink-bottles which you cannot upset. Once in there, they cannot turn round. They are then brailed out.

The law is that for forty-eight hours in the week this mouth or gate here must be closed. The gate may be closed; but as the fish come along on Friday and Saturday nights and find they cannot get through, they simply mill round and round. You or I would go down round one side or the other and get past the trap, but that is not fish nature. They simply mill round, and their instinct guides them until they start up again, when they again hit this lead. Then they mill round again. On Monday morning there are just three times as many fish as there were on Friday morning. Ninety per cent of the fish stay there. That is what the wing is intended for.

Then what is the net? The net has what is called a two-inch extension. It is two inches when it is extended. Consequently, the square of the mesh is exactly one inch each way, and that is the measure of the fish that can get through there. Anything which is less than an inch can get through. Last year or the year before we kept track of it. They caught everything—whales, barracuda, rat fish, porpoises—all down the line. I think they stopped at shrimps. We did not get any shrimps, but we got everything else. Nothing escaped them—mature, immature, day and night, in season and out of season. It is an enormously destructive method of fishing, and the whole idea that one man or two men should be allowed such a particular privilege is against all sense of common decency and what we call public policy. The people who advocate a thing like that are in line with the people who, if not to-day, not so long ago thought that the whole of Canada west of the great lakes—

[Mr. Neill.]

Mr. HANSON: It is about forty years since they started that. It is about time it was changed.

Mr. NEILL: They have had forty years of it and have made fortunes out of it. As I was saying, people who advocate a thing like that are like the people who advocated that all Canada west of the great lakes belonged to the Hudson Bay company, or that India belonged to the East India Company because at one time it had huge territorial rights. But we are living in the present age, not in the past.

To cut a long story short, I shall try to meet the minister half way. This is a matter which will be settled only when it is settled aright. It will ring down through Canada's political record for a long time to come until it is settled. It is now becoming a provincial matter, though there is no need in the world for that; before we know where we are, it will become a national matter.

During the dinner recess I considered my position carefully, and in the interests of those whom I ostensibly represent I am going to take a great chance, which I am not authorized to take, on behalf of them, and make this proposal, which would almost impel, I hope and think, acceptance by the minister. I am going to move the following amendment, which is entirely different from the one I had the other night, and therefore should be in order. It cannot be held to be anticipatory.

The CHAIRMAN: Do I understand that the hon. member is going to withdraw his amendment of February 16—

Mr. NEILL: Yes.

The CHAIRMAN: —and substitute the following? Is it the pleasure of the house that the hon. member have leave to withdraw his amendment?

Amendment (Mr. Neill) withdrawn.

Mr. NEILL: The one I propose to insert is this. I might as well say, just to contrast the two, that the previous amendment was that:

No one shall use a salmon trap net in any of the Pacific waters of Canada.

That is withdrawn. The amendment I now propose is:

After the calendar year 1939 no one shall use a salmon trap net in any of the Pacific waters of Canada off the southwesterly shores of Vancouver island.

That will have the great advantage, if it passes to-night, that it will be telegraphed to Olympia and it will save the situation

there. That is the all important thing. The general principle, too, is urgent, on account of the work it will make for individuals—seiners, trollers, gill netters.

The cannery men with the exception of one, are in favour of the elimination of these licences. This is giving them another year of life, and one year of a privilege of that kind is valuable. It has been suggested that there is vested capital involved which should not be rudely dispossessed, but the whole fishery law is based upon the fact that you get a licence for one season only, and you are liable to lose it: even in the middle of the season you can lose it if the Department of Fisheries says, "We are not going to allow any more fishing in that area." You may have a cannery there, but you are out of luck; that is all. And it is all done in the interests of conservation.

The same thing applies here. No injustice will be done to these people. They knew their licence was an annual one. The traps are taken out every year. They are not yet put in for this year, and now is the time to tell these people they will not be given a licence this year. This is 1939. They cannot say they have not been given notice or warning, because in 1936 they were told in writing—I have it here—that their licences would not be renewed after 1936. This is 1939, and they are still being renewed. Can any great injustice be done to people who have had that amount of warning? I do not think so. So they will have had ample warning if they get a licence this year as well. They are being treated with more than leniency; they are being treated with favour. After they have had this privilege for some thirty or forty years and have made several fortunes out of it, I think they might well give way in the interests of conservation, in the interests of allowing employment to our fishermen, and above all in the interests of encouraging the Americans to keep their traps out—which means so very much to us.

At this stage I propose to stop, and hopefully suggest to the minister that he might accept that position. I have some other data on the subject; but it will be needless to give it if the minister can see his way, and I earnestly hope that he may do so. If it were necessary I would go down on my knees in sackcloth and ashes, humbling myself to the minister to urge him to undo this great injustice, not of his doing, but of his perpetuating. I know that the people of British Columbia, with very few exceptions, and those entirely of people who have got a very gilt-edged axe to grind, would be in favour of the course I suggest. I pause here to ask the minister if he can see his way to accept this very much modified amendment which I have proposed.

Mr. MICHAUD: The first matter to be decided is whether this amendment is in order and whether under the rules of the house we can discuss this matter at this time. The amendment which the hon. member has moved is to a bill which has reference to—

The CHAIRMAN: Will the minister permit me first to read the amendment. It must be read from the chair:

> That the following be inserted as a new section. Section 32 is hereby amended by inserting the following as subsection 2 thereof:
> 2. After the calendar year 1939 no one shall use a salmon trap net in any of the Pacific waters of Canada off the southwesterly shores of Vancouver island.

Mr. MICHAUD: The first point I want to raise is that this amendment anticipates a matter which is already before the house by way of a bill introduced by the hon. member for Comox-Alberni (Mr. Neill), Bill No. 30 on the order paper. The hon. member suggests that section 12 of the Fisheries Act be amended by the insertion of the following:

> 12A. Notwithstanding anything to the contrary in this act or regulations thereunder, no person shall use, for the taking of salmon, any salmon trap net in any Canadian tidal waters of the coast of British Columbia.

Although the wording of the amendment now suggested differs slightly from the provisions of the bill which is on the order paper, the principle is the same, and I submit that, under standing order 31, paragraph (d) of section 6, no motion shall anticipate a matter which has been previously appointed for consideration by the house, or with reference to which a notice of motion has been previously given and not withdrawn.

Second, this is citation 398, under standing order 48:

> An amendment cannot anticipate a notice of motion on the order paper.

It is all the same principle, Mr. Chairman, namely, that a matter cannot be brought up by amendment anticipating any other matter which is already down on the order paper and which may come before the house for discussion during the session. On this ground I feel that it would be out of order to accept the amendment or to discuss the matter at this stage.

Further, the amendment, I submit, is contrary to the rules and to standing order 76 because it seeks to add to a bill before the house a matter which is not dealt with by the bill. Bill No. 15 which is now under consideration is to amend section 57 of the

Fisheries Act. The proposed amendment seeks to add a new provision to the Fisheries Act, and to change altogether a section of the Fisheries Act that has not been brought before the house. Citation 781, under standing order 76, provides, with reference to amendments in committee:

> An amendment must be relevant both to the subject matter of the bill. . . .

The amendment is not relevant to the subject matter of the bill because the subject matter of the bill is to amend section 57 of the Fisheries Act. Further, to quote from the same citation 781:

> It must not be based on schedules or other provisions the terms of which have not been placed before the committee; it must not be beyond the scope of the bill.

The scope of the bill under consideration is the amending of section 57 of the Fisheries Act, and the proposed amendment seeks to amend section 12 of the Fisheries Act. It is, therefore, altogether beyond the scope of the bill now before us, and I submit that we are violating the rules of the house in proceeding in this manner.

Mr. NEILL: Mr. Chairman, the hon. minister has raised two separate points of order. I think it would have been better if we had confined ourselves to one at a time, but possibly he is going on the well known doctrine that two weak arguments are better than one sound one, because taken separately there is absolutely nothing in them. But there is strength in union, just as it is more difficult to break a bundle of sticks tied together than to break the sticks singly, one by one.

As to the first point of order he raised, that I was anticipating a matter which has already been set down for the consideration of the house, he lightly passed over the obvious fact that the two matters are not related to each other except in a stepfatherly manner. I may be cautious and that is why to some extent I changed the amendment to this bill in order that it could not possibly be open to the objection which the minister raises. The original proposal was as the minister read it, to forbid once and for all, and forever more, all salmon fishing traps in the Pacific waters of Canada.

Mr. MICHAUD: Of British Columbia.

Mr. NEILL: The waters of the Pacific coast of Canada I think was the wording, but it does not make any difference. This is all-comprehensive, all-including, so to speak, and beginning from the moment this bill becomes law. But the amendment which I have now proposed, and which I do not think the minister could have thoroughly studied is wholly different; for it says, "After the calendar year 1939." That is a whale of a difference. If some one is getting thirty or forty thousand dollars a year from a privilege, it makes a big difference to him whether he is to be cut off now or a year from now.

The second point of disresemblance, so to speak, is that the original amendment said: in all the Pacific waters of Canada—or it may have been British Columbia. The amendment I have proposed to-night is limited to a strictly small area off the southwest coast of Vancouver island, a distance of probably eleven to fifteen miles; I think it is eleven miles, as a matter of fact. There is surely a big difference there, Mr. Chairman.

As regards the second point of order which the minister dealt with, I was going to say that it was even more inappropriate, but there can be no degrees; for if a thing is out of order it is out of order. He said that my present amendment is not in order because he has introduced a bill to amend section 57 of the Fisheries Act, and therefore, if I move an amendment to his bill it must be relevant to and in some way connected with the subject matter of section 57. That is fine and dandy, if it were so, but it is not so. He did not introduce a bill to amend section 57 of the Fisheries Act at all. I ask you to look at it, Mr. Chairman. It is "An act to amend the Fisheries Act"—that, and that only.

I have right before my eyes an illustration that I have just picked up. The hon. member for Jacques-Cartier (Mr. Mallette) introduced Bill No. 10, to amend the criminal code (sweepstakes). In other words, the criminal code is an act that applies to a great many things; to particularize and narrow his amendment down to the matter of sweepstakes his bill is entitled, "An act to amend the criminal code (sweepstakes)," and under that bill I could not bring in any amendment that was not connected with sweepstakes. Had he merely said, "an act to amend the criminal code," I or any other member could have brought in an amendment to do away with capital punishment, had it so pleased us. The distinction is clear, and what the minister has quoted refers to a case like that. He says that the amendment is beyond the scope of the bill—"scope and title of the bill," those words which are found in the section he did not quote. Now the scope of the bill is to amend the Fisheries Act, that and that only. It is not my fault or his that he did not particularize it in the way the criminal code amendment bill did with reference to sweepstakes. The fact remains that he did not, and it is therefore the privilege of any member to

amend the act, provided he keeps within the scope and title of the bill which is to amend the Fisheries Act.

Let me quote from Bourinot. Some hon. members quote from May; but I prefer Bourinot as a Canadian authority, and at one time clerk of this house. The English authorities are not so familiar with our customs. Bourinot says:

The committee of the whole have now power to make amendments not within the scope and title of the bill.

The power goes further than I do. It covers even cases where the amendment is not within the scope of the bill:

But if any amendment be not within the title of the bill, the committee are to amend the title accordingly.

They can even do that if it is necessary, and there was a case in point. At page 534 of Bourinot this rule is laid down:

It is irregular to propose an amendment which is irrelevant to the subject-matter of a clause.

If I stopped there, as the minister did, it would be said I am introducing an amendment which is irrelevant to the subject-matter of the clause. But listen to the rest of the sentence—because one cannot take one's law piecemeal, reading half a sentence and leaving out the other half:

—but it—

That is the amendment.

—should be submitted to the committee at the end of the bill, as a separate clause.

That indicates clearly it is contemplated that such action might be and can be taken. We have precedents, and lawyers love precedents. Let us look at them. Here is Bourinot again:

The house went into committee on a bill "to amend the general acts respecting railways"—

Just like the general title of such enactments as the act to amend the Fisheries Act.

—and a question arose whether it was competent to add a clause requiring the government to purchase goods for the use of dominion railways upon public tender and contract only; and the committee having arisen for the purpose of receiving instructions from the house upon the point at issue, Mr. Speaker Anglin—

A celebrated speaker.

—decided that such an amendment would be regular without an instruction.

That is, a definite instruction. There is no question that it is held to be legal to amend a bill within the scope and title of the bill. The only condition imposed is that if you go outside the title of the bill you must amend the title as well. That is not what I proposed to do. I hold that the point of order is entirely wrong. I have already quoted Bourinot. Further on he states:

A committee of the whole have now power—

Many years ago the situation was different, but we are living to-day not before confederation.

—to make amendments not within the scope and title of the bill.

But the amendment proposed was within the scope and title of the bill. I need not argue that point because obviously the amendment is within the scope and title of the bill. If it were not, my case would be gone. Now he is trying to build up an argument on something he wishes he had done but did not do. I submit that on both points the objection is out of order.

Mr. MacNEIL: Anyone who is familiar with conditions on the Pacific coast will recognize the merit of the argument advanced by the hon. member for Comox-Alberni. There is a distinct difference between the terms of his amendment and the terms of the bill that now stands in his name for second reading. I say, there is an essential difference, and in that respect it cannot be held that the amendment which the hon. gentleman has just read and which is now before the committee anticipates in any respect the bill that stands on the order paper. Furthermore, I refer to citation 769 under standing order 76, page 221 of Beauchesne's Parliamentary Rules and Forms:

It shall be an instruction to all committees of the whole house to which bills may be committed that they have power to make such amendments therein as they shall think fit; provided they be relevant to the subject matter of the bill; but that if any such amendments shall not be within the title of the bill they do amend the title accordingly and do report the same specially to the house.

The adoption of the amendment moved by the hon. member would not necessitate a change in the title of the bill, "An Act to Amend the Fisheries Act," and it is therefore properly within the jurisdiction of the committee to consider the amendment.

May I go a step beyond that and appeal to the minister not to press his point of order at this stage. This matter is of great public interest at the coast, and any attempt to block discussion at this time by invoking any rule of order might be misconstrued there as an effort to obscure public discussion of a question which is of such vital consequence to the fishing industry of British Columbia.

Mr. TAYLOR (Nanaimo): I rise to support the minister in his point of order, and I do so definitely by calling attention to

citation 781 on page 223 of Beauchesne's Parliamentary Rules and Forms under standing order 76:

781. An amendment must be relevant both to the subject matter of the bill and the clause to which it relates.

"The subject matter of this bill"—it is not a question of the act—and the bill is that which is now before the house.

Mr. REID: As one representing a district that is greatly interested in this matter, I would point out that the hon. gentleman overlooks the fact that this is not a bill in the strict sense of the word. The bill to which he refers is a new bill that is being introduced, whereas the bill before the house is an amendment to a certain act which is already on the statute books. I would say to the hon. member who introduced the amendment in committee I was sorry that he weakened his argument, as I thought, by offering to wait one year. If his bill had come up for discussion, ample opportunity would have been afforded hon. members to go into the whole matter of traps, which I heartily agree should be done away with. But even the statement now that they will be removed next year is no guarantee they will be.

Mr. NEILL: I did not hear that.

Mr. REID: I said that the statement now that they will be eliminated next year may be no guarantee that they will be. I would rather have the bill proceeded with and discussed in the house so that we might have ample opportunity to express our views upon it.

Mr. HANSON: A statement from the minister to the effect that the government will not favour the issuing of any more licences would, in my opinion, be satisfactory. Like the hon. member for New Westminster, I should like to see these traps abolished on the Pacific coast, and I would support a bill which had that purpose in view. I am strongly in accord with the argument of the hon. member, and I think they should have been abolished long ago. If, however, the minister declares that he will issue no more trap licences after this year, that should be satisfactory.

The CHAIRMAN: The Minister of Fisheries referred to Bill No. 30 now on the order paper, sponsored by the hon. member for Comox-Alberni (Mr. Neill). I read from that bill:

The Fisheries Act, 1932, chapter 42 of the statutes of 1932, is amended by adding thereto, immediately after section 12, the following section:

"12A. Notwithstanding anything to the contrary in this act or regulations thereunder, no person shall use, for the taking of salmon, any salmon trap net in any Canadian tidal waters of the coast of British Columbia."

The amendment moved by the hon. member to-night reads:

That the following be inserted as a new section:

"Section 32 is hereby amended by inserting the following as subsection 2 thereof:

After the calendar year 1939 no one shall use a salmon trap net in any of the Pacific waters of Canada off the southwesterly shores of Vancouver island.

I quote from Beauchesne's Parliamentary Rules and Forms, page 225, citation 792:

A new clause will not be entertained if it is beyond the scope of a bill, inconsistent with clauses agreed to by the committee, or substantially the same as a clause previously negatived.

And Bourinot says, at page 523:

In the session of 1875 the house went into committee on a bill "to amend the general acts respecting railways," and a question arose whether it was competent to add a clause requiring the government to purchase goods for the use of dominion railways upon public tender and contract only; and the committee having arisen for the purpose of receiving instructions from the house upon the point at issue, Mr. Speaker Anglin decided that such an amendment would be regular without an instruction.

After giving this matter careful consideration, since the first amendment was moved by the hon. member for Comox-Alberni, and refreshing my memory to-night on that amendment—which is now withdrawn by the hon. member—I am of the opinion that the amendment moved to-night is in order.

Mr. NEILL: I regret very much that the minister took the point of order which he did, thereby suggesting that he would in that way evade the responsibility of meeting the situation, and the more so because it will be within the recollection of the committee that a few weeks ago when this question of the action in the legislature at Olympia first came up, I brought it up on the orders of the day, asking whether he was prepared to take the responsibility of continuing the traps on this side; and he said on that occasion—I will not take the trouble to read it—that the matter of reciprocity, that is keeping out our traps as long as they kept theirs out, was still under consideration. I could think of no more appropriate moment than the present to make an announcement of his policy. Not only has he not seen his way to give a favourable decision, but he apparently lacks the intention to make that decision at all. Now time goes on. The minister has apparently not yet made up his mind. I wonder when he is going to have it made up, because the prepara-

tions for building the traps have already begun. We are told here that the matter is being considered, but work is already going on in preparation for putting in these traps. Are they doing that with some whisper in their ears, "Go ahead, it will be all right"? I have a letter under my hand dated February 22, which reads:

Perhaps you do not know that they have started the usual procedure a week ago putting piles in the water off the spit where they keep them in the winter. I live here 250 yards from where they are working and it seems that they are sure of putting the traps in. I understand they are putting in five traps this year.

So now it comes down to the one brief moment that the advocates of freedom in this matter can have to discuss the merits of this question. I have put it before the committee at some length already, but I am going to clinch it by an indisputable and most reliable authority. I hold in my hand six letters, five of them signed by the deputy minister of fisheries and one by the minister himself. I may have put the case badly, ignorantly, incompletely, and lacking the eloquence which it requires, but I will take the written word of the minister himself as to whether or not these traps should be taken out. I will read only one letter, the one addressed to myself, but there were five others to different fishery associations and others. The one addressed to myself is dated February 7, 1936, three years and almost one month ago. It reads:

Dear Mr. Neill:

I wish to revert to your letter of June 25 last—

That is 1935, when this matter was brought in its immediate form to his attention.

—endorsing a petition by the Kyuoquot Trollers' Cooperative Association, urging that licence for salmon trap-nets in the portion of the southwest coast of Vancouver island be discontinued.

The question has been receiving careful consideration and, in the light of all the circumstances, it has been decided to continue such licences for 1936. Notification is being given the licensees, however, that thereafter such licences will not be granted. If trap nets are reintroduced in the state of Washington—

Which is what I have been talking about.

—the question of reallowing them in the above area will again be considered.

That is signed by the deputy minister, and the minister now assumes the responsibility. Substantially the same letter, except that the name was different, was addressed to W. R Gray, secretary of the British Columbia Fishermen's Protective Association, New Westminster, and the Fishing Vessels Owners' Association of British Columbia, Vancouver, and a letter to the chief supervisor of fisheries, giving him orders to carry it out.

The last letter, from which I want to quote briefly, was addressed by the minister to J. H. Todd & Son, one of the owners of these traps. Evidently Mr. Todd had telegraphed a protest when this notice was served on him by the chief supervisor. I shall not quote the earlier part of the letter unless the minister asks for it, but this is the pertinent part:

Your company may rest assured that the above decision—

That is the unfavourable decision against them.

—was reached only after carefully weighing all factors in connection with the matter.

The important part is, the minister states that he felt it was necessary to take the steps he had taken, but this is the postscript:

There is the further very strong argument, that the continuance of traps on our side will operate as an incentive for rescinding the prohibition of traps in Washington state.

Is that not what I have been preaching here? That is his own opinion. The minister says that:

In the light of these conditions, the urge was very strong that trap licences should be renewed by my department for the present year—

That was 1936.

—but in view of the investment in these traps and the preparations already made for their operation for the coming season, it was finally decided that in the public interest—

"In the public interest."

—the traps should not be discontinued then but should be allowed for the present year so that fair notice should be given to the owners and operators thereof; and it was stipulated that should traps be reintroduced on the United States side their prohibition in the Sooke area would be reconsidered.

That is no ex parte statement by me; that is the statement of the minister himself. He says that his department have carefully considered it, and that was their serious and considered decision, but as a concession to the vested interests they would be allowed to continue for 1936 but the licences should not be renewed thereafter.

We had this matter up before a committee of the house, and I remember very well one member of the committee said, "Mr. Minister, you changed your policy, you refused to issue these licences beyond 1936, and you have now changed your mind or your policy or both; will you explain the reason for this change of mind." But we have not heard that reason yet, and I hope we may get it to-night. It will need to be a pretty sound and substantial reason to combat the decision, carefully arrived at, as the minister himself says, after full consideration and in the light of all the circumstances, backed up by his officials, that these traps must not be per-

mitted after 1936, that they would be allowed until that year as a concession to the vested interests. In that committee I made the same suggestion that I made to-night, that they should be permitted to continue for 1937 as well, in order that there might be no possible chance for the vested interests—always so dear to the heart of any government—to say they had not been fairly dealt with. Now we have the attitude the minister has exhibited to-night, that he is not going to accept any suggestion or compromise at all, that the traps are going to continue and will continue, I suppose, as long as he has control of them.

I can tell the minister that this is a very unpopular move in British Columbia. It is not a question of thirty, forty, fifty or two hundred fishermen; it has become an issue between the common people and the vested interests—and in this case the vested interests are very small. It is not a question even between the fishermen and the cannerymen, who themselves are against these traps, with the exception of this one man. One hon. member of the house rose in the committee and said: "Gentlemen, I am getting a little tired of this. As most of you know, I am a canneryman, and if I could have a trap at my door, as this man has, I could get all the fish I needed with fifteen or twenty men. But I am quite willing to do without a trap and use between two and four hundred men in order to preserve the fish, in order not to have them taken out at all stages of their development, and in order to make work for the fishermen." But he very properly added, "I cannot see why, if thirty-six canneries can get along without traps, the thirty-seventh cannery cannot do the same thing."

There is the issue. It is not the fishermen versus the canneries; it is the common people versus one gigantic, firmly entrenched, all-embracing monopoly. The people of British Columbia will call their members and the government of the day to account when this question comes before them in the next election.

Mr. MacNEIL: I should like to support the remarks of the hon. member for Comox-Alberni. My experience since this matter was last discussed in the house has strengthened my conviction that traps should be abolished. These traps always were a menace to the fishing industry in British Columbia and, by reason of the situation that has developed in the state of Washington, they are a still greater menace to-day. I believe it is in the public interest that no further licences be issued for the operation of stationary fish traps.

[Mr. Neill.]

It is not to-day so much an issue of threatened unemployment in the fishing industry or violation of the principles of conservation. The issue is that the policies pursued by the minister will result in turning over to United States operators the business that properly belongs to Canadian operators. The fishing industry along the coast of British Columbia is important to those of us who reside in that province. The minister is well aware, as are other members of the house, that certain legislation is now pending in the state of Washington, sponsored by Senator Edwards who has openly stated time and again that it is his purpose to restore the fish traps in United States waters immediately south of Point Roberts and the international boundary. He intends, he says, to rehabilitate the ghost town of Blaine, Washington.

It is well known that, prior to 1935, United States operators had something like 219 traps, and that by reason of the fact that they operated traps in those waters they obtained an average of between sixty and seventy per cent of the Fraser river sockeye salmon pack. For reasons of conservation, and because there was a gentleman's agreement in this respect between the Canadian and United States authorities, the state of Washington abolished their traps by legislation which became effective in 1935. What was the result? The average Canadian share of the Fraser river sockeye salmon pack prior to 1935 was about thirty per cent. In 1936 our average rose to fifty-three per cent; in 1937 it was about eighty per cent, and I am reliably informed that last season it was over sixty per cent. Surely that is an important point. The chief reason for the agitation in the state of Washington in favour of the proposed legislation is that the Canadian government has continued to permit the operation of stationary fish traps at Sooke, in disregard of the gentleman's agreement and, may I say, in disregard of well established principles of conservation.

I do not wish to traverse all the ground covered by the hon. member for Comox-Alberni, but the house should fully understand the position in which the government finds itself in regard to this issue. These traps have been operating under licence since 1918 at the southwesterly tip of Vancouver island, where they may intercept the main migration of the sockeye before they pass through United States waters to the mouth of the Fraser river. It is an extraordinary monopoly; these people are permitted to operate under conditions that are denied thousands of

commercial fishermen who stake their livelihood on the operation of their vessels and gear in the coastal waters of British Columbia. These traps, as the reports of the department indicate, catch everything from herrings to whales while they are fishing, and usually they fish from April to November. They catch sockeye before the ordinary gill netter can put out and catch sockeye. They catch immature fish. It is true they say that they donate the immature fish to the hospitals of Vancouver; but surely that is no justification, and certainly it does not cover up their crimes in that regard. When I think of all the restrictive regulations imposed upon the ordinary commercial gill netter, purse seiner and troller in the waters of British Columbia, I think I have a right to feel indignant at the extraordinary privileges enjoyed by the operation of the Sooke traps. The ordinary fisherman is penalized if he attempts to moor his gear to shore or to the bottom. He is prohibited from operating a drifting trap-net. He is compelled to observe certain stipulated closed seasons. It is true that the regulations in regard to closed seasons apply to the Sooke operators as well, but it is a well known fact that on account of the type of construction of the traps which, as the hon. member for Comox-Alberni has explained, extend two or three thousand feet out to sea, the fish are held under favourable tidal conditions, waiting until the apron of the trap is lifted at the expiration of the closed season.

There is a marked contrast between the conditions under which the ordinary commercial gill netter, purse seiner and troller operate and the privileges extended to the Sooke operators. At Sooke they employ something like forty-one men; they can winch up large quantities of fish in nets of close mesh into waiting barges for convenient transport to the Empire cannery at Esquimalt. According to the evidence given before the committee, that was the number of men employed; but it was never clearly or satisfactorily explained why they could not put that many or more men in employment if they were willing to adopt the same type of vessels as those used by the United States operators who fish further out in that area.

The hon. member for Comox-Alberni has made it clear that the minister promised the organized fishermen of British Columbia that he would discontinue the issuance of these licences in the public interest, and the fishermen have been at a complete loss to understand why the minister has not fulfilled his promise. I have taken pains to meet the organized fishermen. I think all the organizations on the coast, with two exceptions, discussed this matter this season when they met in convention, and they say this amounts to nothing but a double-cross on the part of the dominion government. They say, "We have been double-crossed. We were promised that the traps would be wiped out, but they are still being operated, and we have evidence that it is intended to continue them in operation for the season of 1939." We all know very well what happened. After the minister gave his promise, some officials of the British Columbia government, the operators in question and their financial backers organized a high pressure, costly lobby, to which we were exposed in the Canadian House of Commons.

The minister indicated clearly to the committee which sat on this matter that it was his intention, no matter what the report of the committee might be, to issue licences. No one can understand clearly the minister's attitude in this matter, unless he is determined to protect the profits of the privileged interests at Sooke and disregard completely the interests of the large fishing industry of British Columbia. It is now clearer than ever before that the fishing industry of British Columbia is menaced by the continued operation of the traps at Sooke.

I cannot be too emphatic with regard to the traps. They violate the regulations under the act, as was shown in evidence; they violate the principles of conservation, particularly with regard to catching immature fish and the mutilation of fish which are held when milling round within the spiller and the heart of the trap. Piracy is sometimes described as an act of depredation on the high seas, but these traps are committing acts of depredation on the fishing industry just as much as if they were boarding Canadian fishing vessels and looting them. It is piracy on the high seas. I think at this time the minister should make clear his intention to discontinue the issuance of licences for the stationary traps at Sooke.

Mr. REID: Mr. Chairman, I rise to join the other two hon. members in protesting against the use of traps on the southerly point of Vancouver island. Most of the points with regard to this matter have been covered, but there are one or two matters I should like to draw to the attention of the minister and the committee. It is true that the Americans use traps in some of their fishing grounds, but they are up in the north. In the great areas on Bristol bay where the salmon run, no salmon traps or power boats are allowed, so great is the care taken by the Americans to preserve the salmon run. We should take similar care in connection with

the salmon fisheries of the Fraser river. The last speaker referred to the traps catching anything from herring to whale. I have before me a list of the varieties of fish caught in the traps, and I know it will surprise some hon. members to be told that some twenty-two varieties of fish are caught. However, the most striking thing is the catch of sockeye salmon which is taken early in the month of May and the beginning of June, before the sockeye fishing really commences on the Fraser river.

For a moment I can speak as a member of the international Pacific salmon fisheries commission, which is doing everything possible to rehabilitate the great salmon runs on the Fraser river. The one variety which we are endeavouring to rehabilitate is the early run of the sockeye. Immediately upon leaving the strait this run heads for the waters of the Fraser, but the fish are caught long before the fishermen on the Fraser river have commenced fishing operations. The traps do catch immature fish and in that way are destructive. Every fishermen's organization that I know of, with the exception of perhaps one in Victoria and Nanaimo, are in favour of the elimination of traps.

Last fall I took occasion to go down to Bellingham with a view to finding out what the United States fishermen thought of the Canadian traps. I found the opinion of the United States fishermen was similar to that expressed by the hon. member for Comox-Alberni (Mr. Neill) and the hon. member for Vancouver North (Mr. MacNeil). They felt that the retention of traps in Canadian waters was being used by the United States interests as an argument to again have traps in the United States waters. That fight is going on at the present time. I say in all seriousness that if traps are again brought into use in United States waters they can point to the traps in Canadian waters as something that helped to bring that about.

I do not intend to traverse the ground which was covered last year and again to-night. I rise in my place to join with other hon. members in protesting as strongly as I can against the operation of fish traps at Sooke. I thought we would have had a better chance to discuss traps when the bill introduced by the hon. member for Comox-Alberni was before the house for discussion, but as the matter has come up to-night I feel it incumbent to place myself on record as being entirely opposed to the operation of traps at Sooke. I ask the minister to reconsider the amendment offered by the hon. member, which at least contains a loop-hole for the minister, in that it asks that they remain this year, but that notice be given that no traps will be allowed next year in the strait of Juan de Fuca.

Mr. GREEN: Mr. Chairman, I should like to remind the minister and the members of the committee that this somewhat vexed subject was considered some two years ago by the standing committee on marine and fisheries. The resolution which was referred to that committee reads:

> That the question of the advisability of the government issuing trap fishing licences in British Columbia waters be referred to the standing committee on marine and fisheries for study and report.

In other words, that the committee deal with the whole question of whether or not there should be traps, not only in the Sooke area but anywhere on the Pacific coast. The committee held fourteen sittings and heard several witnesses including representatives of the Department of Fisheries, the trap owners and the fishermen. I quote from the report:

> In considering this question the committee has had in view the great importance of the salmon fishing industry in British Columbia waters, and the necessity for the conservation of the fish supply, the preservation of the quality of the pack and the furnishing of the greatest measure of employment.
>
> Further, being satisfied of the great need for conservation of the fish and the avoiding of all wanton and useless destruction of this great food resource, your committee recommends that the Department of Fisheries continue to work in cooperation with the authorities in the United States with such object in view.

Right here let me say that I think the Department of Fisheries should know exactly what is being done in the state of Washington. If they have not kept in touch with the situation they should be censured. They should find out at once what the position is. The committee then went on to say:

> We also submit the following recommendations:
>
> 1. That no more trap licences be granted in British Columbia waters except in the so-called Sooke area, and concerning which we are unable to come to a decision as to whether they should be continued or not, without the opportunity of securing further information.

I think the minister will agree that in principle the committee were against fish traps. They felt that there should be no fish traps on the Pacific coast and there was strong feeling against them in the Sooke area. The committee then went on to recommend:

> 2. That, if the said traps are allowed in the so-called Sooke area, the licence fee for each trap be $500 per annum for each trap licence, commencing with the year 1937.
>
> 3. That an opening of suitable size be made in the lead of such traps in order that the fish may have a better opportunity of passing on towards the spawning grounds when the trap is closed.

4. That the department should be careful to see that the regulations providing for the closing of traps in use, for forty-eight hours per week, be rigidly enforced, and that the traps be subject to the same regulations as regards opening and closing seasons as prescribed for all varieties of fishing under the Fisheries Act and regulations.

5. That all inspectors or guardians employed by the Department of Fisheries be independent of all fishing companies or fishing plant owners.

6. That for the next year or two the check made in connection with the catch, as well as the escapement of sockeye and other varieties of salmon in the Sooke area be made with great care and detail so that the records expressed in both cases and numbers may be as accurate as possible.

That was the unanimous finding of the committee. Two years have passed, and I suggest that at the present time the government should know just what is the position in that area.

Personally I think the traps should be abolished. I do suggest to the minister that the question should not be left in the air. The government have the power by regulation to prevent the use of traps to-morrow, and I submit that the problem should not be allowed to drift along any further. Apparently there has been nothing done in the last two years. If anything has been done, the minister should explain to the committee to-night just what steps have been taken. If the government will not act now to stop this fishing by traps, I suggest that they at least send this bill to the marine and fisheries committee this year for consideration in detail.

Mr. PELLETIER: Mr. Chairman, I desire to associate myself with the hon. members who have already spoken on this question. I was a member of the committee which considered this matter, and I feel it is necessary that our stand should be made quite clear. Although we may not know very much about the technical details of fishing traps, there is a principle involved that should not be ignored. It is quite clear that licensing to operate these fishing traps must to a certain degree discriminate against the fishermen of British Columbia. Although we are not so much concerned with the technical details of these traps, we do insist as a matter of principle that the government should live up to the policy laid down by the minister in 1936, and I join with other members in urging the minister to state clearly and definitely why he has found it necessary to change the attitude he took in 1936. As a member of the committee I desire to take this opportunity to make it plain that I am in entire support of the attitude taken by the hon. member for Comox-Alberni (Mr. Neill) and other hon. members who have spoken, because there is a principle involved, the protection of the fishermen of British Columbia.

Mr. TAYLOR (Nanaimo): Mr. Chairman, since the introduction of this bill into the house I have been tempted many times to rise in my place on a question of privilege to draw attention to an outbreak of a peculiar disease in British Columbia. One form of this disease it is quite true is endemic everywhere among fishermen, wherever one type of fisherman finds himself in competition with another type. The gill netter gets a fever the moment he experiences contact and competition with the purse seiner, and both of them are very much disturbed when they have to come into competition with a trawler.

But this particular disease which is rampant in British Columbia is epidemic; every type of fisherman appears to be in a state of fever against one particular type, and it is that to which I want to draw attention.

Fishermen, their whole families and friends, will join together and become afflicted with this disease, infected from one to the other. The strange thing about this peculiar disease is that it creates high fever, foaming at the mouth, and an absurd desire to run around signing petitions whenever the word "Sooke" or "fish-traps" is used. As a matter of fact, Mr. Chairman, it seems to me that this disease should be called "fishtrapitis." Though it is not a very infectious disease, it does have allergic reactions, and I have noticed in British Columbia that a group of woodworkers in the centre of Vancouver island who know nothing about fishing except that a few of their number take to fishing during the season —this group of woodworkers, affiliated with the International Woodworkers of the World, a communist guided Committee of Industrial Organization, have suddenly caught the fever and babbled against the hon. member for Nanaimo in a way in which they would not have attempted to do had they realized his attitude towards organized labour.

The whole trouble is that people not connected with the fishing industry have also become suspect. The people in the interior of British Columbia find themselves suddenly seized with fever the moment they hear the word "trap." To many people "trap" has a sinister sound. They cannot recognize the similarity between the word "trap" and the word "net." It has a sinister connotation in their minds, and they are consequently apt to become infected with this peculiar disease. As a matter of fact, they pity the poor fish and try to put themselves in its place, and by considering the tragic death of these fish in

the Sooke fish traps they lament that the fish should come to the dinner table from that direction.

The whole thing is something that has to be taken very lightly. The light of truth must be brought into this whole matter, and the breezy air of a common sense understanding of the situation must solve this question and bring relief to this terrible fever. But we have had this thing so often, one time after another, that I want to refer to a petition that was introduced into the house at this time last session.

As reported at page 683 of *Hansard* for last year the hon. member for Comox-Alberni (Mr. Neill) presented a petition signed by one man and 9,594 other persons. If every item in this petition were true, we should have to take serious account of it; but I submit, Mr. Chairman, that many statements in this petition are exaggerated just sufficiently to make an emotional and effusive appeal, and I said so at the time.

The petition begins in poetic fashion:

Since time immemorial large runs of sockeye salmon have passed the southwest coast of Vancouver island thence passing into American waters in Puget sound and then back to Canadian waters to spawn in the Fraser river.

From time immemorial! These people know exactly that since beyond living memory these fish have been doing this thing. As a matter of fact, the Fraser river is a comparatively young river, geologically speaking, and we do not yet know how the spawning of fish in the Fraser river acquired the peculiar conditions attaching to it which we know to-day. The petition goes on:

That for many years we have maintained in the neighbourhood of Sooke on the southwest coast of Vancouver island four or five fish traps and the Americans maintained in their waters in Puget sound several hundreds—

That is not correct.

—with the result that our percentage of the joint catch of that run would run about 30 per cent, while theirs would be 70 per cent.

That, three years ago, the Americans took out all their traps in Puget Sound numbering 219, while we retained ours, with the result that our proportion of the joint catch jumped from 30 to 50 per cent and even 80 per cent.

I want to challenge those statements definitely. Much of the material which I have obtained for the refutation of these claims of the hon. member for Comox-Alberni (Mr. Neill) and his other friends are found in official records, the Department of Fisheries report 1937-38, and bulletins of the Department of Fisheries, Washington, Nos. 37 and 38.

The moment this matter was brought up in the house I referred it to Mr. Charles F. Goodrich, president of the Sooke Harbour Fishing and Packing Company, Limited, and I told him that if he had any matter to bring before me he should do so immediately. I did not do this to bolster up a monopoly. I did it to acquaint a gentleman conducting a legal business in British Columbia with the conditions that were obtaining in this house as concerned his business. Therefore, if I make quotations from the letters that he has sent me, I trust it will be understood that I personally believe every statement to be correct, and in any event they are open to the judgment of hon. members. He states:

As to Puget sound having sacrificed 219 pound nets, it should be understood that this number represents the number of licences issued, not the number of trap nets or pound nets actually in operation. Under the state of Washington regulations, it was only necessary to construct a trap net once in every four years. Consequently there were always many more licences issued than trap nets operated. In 1934, the last year traps operated there, there were some 215 licences issued and about 75 traps actually operated.

For the sake of accuracy, therefore, we should use the number 75 instead of 219.

Were the statements included in Mr. Neill's question correct, can anything be more absurd than to suppose that the continuation or the discontinuance of the five traps at Sooke would be any material factor in deciding the question in the state of Washington of whether they do or do not amend their Initiative No. 77?

Now, then, as to the question of thirty per cent having crept up to fifty and even eighty per cent, as has been repeatedly stated by the hon. member for Comox-Alberni, let me quote from official sources showing the pack of Fraser river sockeyes caught in Fraser river, Sooke trap nets, and Puget Sound for the years 1935, 1936, 1937 and 1938:

Pack of Fraser River Sockeyes Caught in Fraser River, Sooke Trap Nets and Puget Sound
Years 1935 to 1938, inclusive

Year	Combined Pack Cases	Fraser River	Per cent	Sooke traps	Per cent	Puget Sound	Per cent
1935	117,499	57,212	48·7	5,610	04·8	54,677	46·5
1936	227,750	164,408	72·2	3,837	01·7	59,505	26·1
1937*	166,889	100,382	60·1	6,152	03·7	60,355	36·2
1937†	132,994	66,583	50·6	6,152	04·6	60,259	45·3
1938	311,536	168,702	54·1	3,770	01·2	139,604	44·7
Total	823,674	490,704	59·6	19,369	02·3	313,601	38·1

* Pack—regardless where caught; † pack—regardless where canned.

We have had the plaints and the complaints of hon. members here that the Sooke traps are absolutely destroying the sockeye fish for the Fraser river. Nothing could be more ridiculous in face of the actual figures presented.

A great plaint has been raised that if we give the United States the chance to put in traps again, they will not hesitate to do so and take back from us eighty per cent. But there is at present an international sockeye commission, a fact-finding commission intent on discovering—

Mr. HANSON: And they have recommended the abolition of traps.

Mr. TAYLOR (Nanaimo): —the actual circumstances surrounding the passing of sockeye salmon from the waters of the north Pacific.

Mr. HANSON: The hon. member knows nothing of what he is talking about.

Mr. TAYLOR (Nanaimo): The hon. gentleman will have an opportunity of speaking when I have finished.

Mr. HANSON: I say the hon. member does not know what he is talking about.

The CHAIRMAN: Order.

Mr. TAYLOR (Nanaimo): I should be glad to listen to the hon. member when I have finished. That fact-finding commission is at present gathering facts for the purpose of making recommendations in connection with the rehabilitation of the salmon industry on the Pacific coast, and any interference with their activities can only prejudice the case beforehand. I want to assure hon. members that very free use was made last year of the Sooke traps in tagging live salmon and setting them free in order that the commission might discover where these fish ultimately found their way.

But we come back to the petition:

The fact that we have not taken out our traps has been used and will be used as a very strong argument by the American trap owners for permission to reintroduce traps on the American side.

Let me counter that by reading a statement from Mr. Goodrich under date February 21, as follows:

We have tried to keep in touch with this situation and so far as we can learn the decision does not hinge in the slightest degree upon whether the five trap nets at Sooke are continued or not. Up to the present time they have scarcely been mentioned. It is possible, of course, that they will be mentioned, and that it will also be mentioned that the United States federal congress after thorough investigation decided that there was no good ground for discontinuing the trap nets in Alaska.

The outcome, however, does not hinge upon the action of either the Canadian fishery department or the United States congress. The governor of the state of Washington and the state supervisor of fisheries both favour the restoration of trap net fishing, at least so far as the area in which sockeyes and pinks form the principal part of the catch. The only thing which may deter them is the attitude of the purse seiners, who are seeking to monopolize the business of commercial fishing of sockeyes and pinks, and the attitude of the sport fishermen who are willing to sacrifice all forms of commercial fishing and canning in order to make Puget sound a sportsmen's resort. The strange thing about the situation in the state of Washington is that the state supervisor of fisheries clearly shows in the annual reports of his bureau that it is the trollers, not the trap nets, who have in the past taken the major part of the springs and cohoes.

Again we turn to the petition:

There is no truth in the allegation that traps are the only means by which salmon can be taken in our waters in that neighbourhood, as it has been demonstrated that it can be fished by seines, gill nets and trollers, to which the Americans would have no objection as they use the same gear themselves.

It is rather a sinister comment on this, that the hon. member for New Westminster should bring in a bill designed to prohibit the purse seiners from interfering with gill netters at the mouth of the Fraser river. The fact of the matter is, as I have already indicated, that one type of fishermen is continually fighting against the other types.

To continue the quotation:

The above refers to the sockeye run of salmon, but traps are as undesirable as regards the spring and cohoe runs. These fish are heavy in spawn making their way to their spawning ground, swimming in shoals, following the coastline, keeping in shallow water and close inshore, so that they fall an easy prey to the traps, and comparatively few get by.

And yet in 1938 only a trifle over one per cent of the total catch in United States and Canadian waters were taken by traps.

The whole fact of the matter is that it is entirely incorrect to make the statements as made in the petition. The salmon do not hug the shore. They do not run in tight shoals. They come in from the Swiftsure banks some eighteen miles away and swim along the broad line of twelve miles of open water in the strait of Juan de Fuca, and the portion that find themselves on the left hand shore are naturally closed in by the southerly reach of Vancouver island. What other conditions drive them into Puget sound waters I am not in a position to say, but if any member of this house will travel by boat in the daytime from Vancouver to Victoria he will see the amazing

extent to which the fresh waters of the Fraser river penetrate into the salt waters of the strait of Juan de Fuca. It is entirely possible that the fish, recognizing that they are not yet ready for the biological urge that drives them up the fresh water rivers to the spawning grounds, keep away from the fresh water and travel down into the salt water of Puget sound, where there are not many big fresh water rivers. The petition continues:

Traps are the most destructive form of fishing known, as they are open day and night and catch every species of fish, large or small, that comes along whether they happen to be out of season or not. Nothing escapes them or gets through.

And I make this solemn declaration that there is not a single net of any kind that is free from that castigation. The purse seine catches everything it can possibly get hold of. It surrounds every fish within a certain area. Gill netters and all the others do precisely the same thing, and when we talk about immature fish, it has not yet been determined why immature fish run with mature fish. But the fact is that immature fish do run with mature fish, and, doing so, they are bound to be caught with them.

As to the Sooke traps being more destructive, I should like to find out what proportion of fish caught by the trollers leave their jaws on the hooks, having their bodies torn off by the force with which the trollers pass through the water. Trolling is known to-day as the most destructive form of hook-line fishing.

The petition states further:

The abolition of traps would lead to the revival of fishing and employment of many local fishermen as was formerly the case, but who, finding their livelihood gone, have had to find other work, often on relief.

I defy anyone to say that the community of Sooke is a relief community. These people are self-respecting workers and have been for years, many of them owning their own homes, and if every fishing community were like it we should have little relief difficulty in British Columbia.

I could warn the committee about those who act as carriers for this disease I spoke of earlier in my remarks, who consciously or unconsciously infect others, but I sincerely hope the warning is not necessary.

May I read something that has to-day come into my hands. We have been pleaded with to settle this matter, because in Washington they are now sitting to determine whether they should place traps again in the waters of Puget Sound. I quote from the Victoria *Times* of February 28, and lest anyone should wonder how that newspaper of February 28 could reach me to-day I will tell the committee that it was sent by air mail. It reads:

Fish Traps Voted Down in Washington.

Fate of Governor Martin's three fish bills hung in the balance to-day as a result of action of the Washington state legislature late yesterday in voting 69 to 27 to kill house bill 193, permitting return of fishing traps to the Columbia river and Willapa harbour.

The vote on the bill was regarded as a test of the legislators' attitude towards the fish measures and administration leaders to-day refused to say whether they would bring the remaining two bills on to the floor or permit them to "die en route."

Let me quote from Mr. Goodrich:

The state legislature has voted down the first of the three fish trap bills, and the other two will probably never come up at this session at least. The legislature adjourns on March 9 and will not reconvene for two years. We understand that the fact that Canada had five fish traps was deemed of so little importance that it was not even mentioned.

We have heard the plea of the hon. member that it was the one thing that would return 219 traps to Canada. I have proved that the 219 had dwindled down to seventy-five.

The action of the legislature was not a surprise. The purse seiners were well organized as were the sport fishermen, and the trap operators were very much disorganized through jealousies and petty politics.

However, now that the legislature has acted finally it is obvious that nothing Canada does either way will affect the result.

I want to read one word further before I deal with the bill. Mr. Goodrich, criticizing the statement of the hon. member for Comox-Alberni, as reported on page 215 of *Hansard*, has this to say under date of January 30:

As a matter of fact it is safe to say that the minister does not know that the result of continuing to issue our five (not four) trap licences will be to reinstate the pound nets on Puget sound. Indeed, the precise contrary is true. The state of Washington may or may not reinstate this mode of fishing. The purse seiners of course are well organized—

This was written long before the statement in the *Times* of February 28.

—and are opposing the repeal or amendment of initiative No. 77 as they wish to retain the monopoly they have at present of the supply of sockeyes and pinks. However they frankly admit that their catches have dwindled since the abolition of the traps, due to the fact that the fish do not school up as well as they did when the traps were in use. For that reason they are asking permission to build dummy traps in the vicinity of Point Roberts to assist them in making better hauls.

The governor is also much perturbed over the loss sustained by the abolition of the pound nets in the way of loss of employment by fishermen and cannery workers alike.

The director of fisheries finds his department hampered through loss of revenue and is urging amendment to the act.

The cannery men have so far failed to come to any agreement among themselves as to the distribution of the licences in case the pound nets are reestablished.

Sport fishermen are as a rule opposed to all forms of commercial fishing.

It is therefore problematical what action, if any, the legislature will take; but one thing is sure, and this will be apparent to anyone discussing the matter with those most vitally interested, that whatever action they take will be based on what will best serve the interests of the state of Washington and not whether five fish traps at Sooke, B.C., are continued or not.

That I consider to be the crux of the whole situation. We have had plenty of talk about the trade agreement between ourselves and the United States. The United States is entirely justified in looking after its own interest, and Canada is entirely justified in looking after her own interests. If our interests are joint then we have done the right thing in bringing together the international sockeye commission and in being content to rely on their findings. Only by such methods of give and take can we ever reach any satisfactory conclusion on this problem. I say now, without having discussed the matter with anyone, that if it is found that Canada is receiving more than fifty per cent of the fish that come through the strait of Juan de Fuca, then arrangements must be made by which the United States shall get the same quantity as we do, unless they are willing to recognize that the Fraser river is the breeding ground of these fish, and classify the pack accordingly.

Coming to the bill itself, I find that in the seventy-six sections of the Fisheries Act every section is general and common; not a single section is particular and proper. This amendment sought to be placed in the act is a particular amendment. Provisions are made whereby the governor in council and through him the fisheries overseers have power to deal with that act as to administration. Consequently I consider that the essential feature of this amendment is out of order in its application to the general act, and for that reason I am definitely opposed to it. The matter should be left, as it was intended to be left after the finding of the standing committee on fisheries in 1937, at the discretion of the minister. If the minister will use his discretion I am perfectly satisfied. This is a legal business, and just as a department store is able to transact a great deal of business with few people, so in the general apportionment of the industry of the people, one type of fishing is less costly in the way of labour than another. If we are to destroy the fish traps it would be an excellent reason for destroying purse seines and still more for destroying trawlers and gill netters; and ultimately we should have to go back to the single hook and line, but for the fact that the sockeye salmon will not take the hook.

The CHAIRMAN: I regret to interrupt the hon. member, but he has spoken for forty minutes.

Mr. MacINNIS: I did not intend to speak on this matter. I had listened to other hon. members from British Columbia who are more familiar with fishing than I am, and who have made an excellent case against the continuance of these fish traps at Sooke. But when I heard the last speaker (Mr. Taylor, Nanaimo) refer to all who oppose fish traps as having contracted some pernicious disease, I decided that I would say a word in opposition to the traps even at the risk of being considered as one who has that disease.

The salmon fisheries of British Columbia are of great importance to that province. They are one of its natural resources. Many years before I went to British Columbia I used to see in the schoolbooks pictures showing that the rivers of British Columbia were teeming with salmon. But that is not the case to-day. A great deal of work and study has been given to the question how best the salmon fisheries in the province can be preserved. Through various causes, sometimes accidental and sometimes arising from ruthless exploitation, the salmon fisheries have been largely depleted. But in recent years vigorous action has been taken to try to re-stock the rivers of British Columbia and to make it easier for the salmon to reach the spawning grounds.

The hon. member for Nanaimo knows a great deal more about fish than I do. I do not know know whether the fish hug the shore or whether they hug anything else; but I do know that the traps at Sooke are so strategically placed as to intercept the greatest number of fish possible.

The hon. member for Nanaimo thinks hon. members may wonder how he got the Victoria *Times* of February 28 so quickly. He did not tell the committee that Mr. Goodrich, one of the partners in the company that operates the fish traps at Sooke, supplied him with that part of the issue of the Victoria *Times*. When the hon. member came to this house, I understood him to be representing not the exploiters of labour but the working fishermen who took the fish out of the sea. At that time he was not in such close cooperation with the owners and operators of the fish traps.

All the fishermen in British Columbia are opposed to the fish trap, not because of the fact that it is a trap but because it is an

unfair way of fishing, because it takes an undue share of the fish, and because it operates free from regulations which other fishermen must observe. As a matter of fact, I think it was fairly well substantiated in the marine and fisheries committee a few years ago that employees of the company were appointed as inspectors to see that the rules were observed. I see no reason in the world why this one company should be given an opportunity that is not given any other company or any other individual in the fishing business in British Columbia. If the amount of fish they catch is so small, so insignificant, as the hon. member for Nanaimo would have us believe, that is no argument for keeping the fish traps in operation and fostering envy and hard feelings among the fishermen of British Columbia. Rather it is an additional argument in favour of discontinuing the traps, and I hope the minister will see his way clear to put a halt to a method of fishing which is opposed by ninety per cent of the people of British Columbia.

Mr. MICHAUD: Mr. Chairman, the importance of this matter is shown by the great interest being taken in it by hon. members representing constituencies in British Columbia. It is a somewhat complicated problem, but it is not a new one. Fish traps, so called, have existed for a long time and have been licensed by the dominion government continuously since 1904. No government and no minister of fisheries has ever wanted to assume the responsibility of exercising the discretion that he has under the Fisheries Act by refusing to grant licences when they were applied for. There are at present, as there have been during that number of years, from three to five licences. These traps which are licensed are stationary fixtures which require quite an investment. I understand that it costs $15,000 to instal each trap, and the people who have been operating these traps and supplying their fish canneries in Victoria have done so for a long period of time and have been successful in placing a superior product on the market.

It may be said that the minister, who has the discretion to refuse or grant the licences, has been protecting the vested interests. I accept either the compliment or the reproach contained in that statement. The hon. member for Comox-Alberni (Mr. Neill) has tried to show that I have changed my mind since assuming the responsibility which I am now discharging. I admit that I have done so. When I came to the department towards the end of 1935, I found that an agitation had been going on for some time in British Columbia seeking to remove these traps, and that the officials of the department had considered recommending that this be done. Representations were made to me; I looked over the records, and on the representations that were made and the evidence that was before me I thought they were right, so in the early part of 1936 I wrote to the hon. member for Comox-Alberni the letter which he has read this evening and which was before the committee.

In the summer of 1936, however, it was my privilege to visit British Columbia, and I attempted to become acquainted with the problems which existed on that coast, and which were new to me. I studied the various methods of fishing—trolling, purse seining, gill netting and catching fish by means of traps. I walked all over those traps; I covered the whole territory, I believe. I inquired from people in Victoria and Vancouver who I thought were capable of giving advice on the matter, and I found that the agitation arose from competition between those practising the various methods of fishing. Naturally the largest number think they are entitled to rule. The traps are operated by the capitalists, those who have invested, I understand, over a million dollars in an industry which is a credit to the country. They have kept that industry going and have developed around it one of the most creditable villages that can be found on the coast of British Columbia. I visited that village, which depends entirely upon the fish traps at Sooke. I interviewed the fishermen. I received a delegation from the returned men and another from the wives and daughters of the returned men. I interviewed the clergyman, and after listening to all the representations that could be made I came back convinced that if that industry were interfered with, the village at Sooke would have to go on relief, because they had no other means of support.

That was in the summer of 1936. When I returned to Ottawa I decided that I could not conscientiously exercise any discretion, but that I must renew the licences for 1937. In 1937 the matter was referred to a committee of this house, and the hon. member for Vancouver South (Mr. Green) has quoted the recommendations of the committee which have been lived up to in every instance. As recommended by the committee, the licence fee has been increased and there has been no increase in the number of licences granted. We have seen that those operating traps shall observe all the regulations, and that no employee of a company operating a trap shall be appointed as supervisor or inspector on the

trap. We have kept in close contact with those interested in these traps and in the conservation, development and preservation of the fishing industry on the Pacific coast. No representations have been made which I thought were sufficient to justify me in changing my mind and refusing to grant from year to year the licences which were applied for.

The hon. member for Comox-Alberni has stated that when he made an inquiry in this house not long ago I replied that I had not made up my mind as to what was to be done this year. Of course I had not, because at that time no applications for the renewal of licences had been received. These licences are issued each year, and the decision in the matter is arrived at when applications are before the department. At that time no applications had been received from trap operators, and I had not made up my mind or reached a decision. That goes to show that I am not prejudiced in connection with the issuance of these trap licences.

It has been stated there is grave danger that if we continue to allow traps to be operated, the state of Washington will revert to that method of fishing. That may or may not be so. We have information that the fact that we allow five traps in our waters had no effect whatever on the decision reached on February 28 in the legislature of Washington to turn down the proposal to renew that method of fishing. No representations have been made, either officially or unofficially, by those interested in the state of Washington.

Mr. NEILL: Did the minister say that no application had been made by the state of Washington?

Mr. MICHAUD: No, I said that no representations had been made to me, either officially or unofficially, by the state of Washington.

Mr. NEILL: The minister hardly expected that, did he?

Mr. MICHAUD: No, but some hon. member, I think the hon. member for Vancouver South, asked me to state if any representations had been made since the report of the committee of 1937 had been received.

Mr. GREEN: I did not ask if representations had been made; I asked the minister to state whether or not the department had been cooperating with the state of Washington, as was recommended in the report of the committee.

Mr. MICHAUD: We have been cooperating with the state of Washington. Last year a delegation of representatives of the state of Washington and the government of the United States came to Ottawa and we had a pleasant conference. No representations were made that we should help them by refusing to grant trap licences for Canadian waters. Not long ago I had occasion to meet officials from the Department of Fisheries in the city of Washington, and no representations were made. Since then this government has appointed a commission known as the International Pacific Salmon Fisheries commission to study the best methods of conservation. One hon. member of this house, the hon. member for New Westminster (Mr. Reid), is a member of that commission. The commission is made up of three members from the United States, two of whom I believe, are from the state of Washington, and three Canadians. The commission has already commenced its work of studying the best methods of conserving sockeye.

Mr. MacNEIL: Has the commission jurisdiction over the types of gear used in Canadian waters?

Mr. MICHAUD: They have no jurisdiction over the types of gear used in Canadian waters, but they can make representations to their respective governments as to what they feel should be done in the matter. No representations have been made as yet by the Canadian commissioners that traps should be removed. The hon. member for New Westminster, speaking as a representative of the fishermen on the Fraser river, has stated that in his opinion these traps should be removed, but the commission as such has not made any representation to the department or to the government. I am sure the work of the commission has not advanced sufficiently to justify it making any such representation.

Further, I understand that the people operating the traps at Sooke have offered every facility to the joint commission to make a study of the effect of these traps on the conservation of our fish in the Fraser river. It has been stated that the removal of these traps would save our fish, but figures speak for themselves. The sockeye is the most valuable salmon on the Pacific coast, and the percentage of sockeye caught last year in the Sooke traps was 1·2 per cent of all the sockeye caught in the Fraser river. The percentage of sockeye caught by Canadian fishermen by other methods of fishing was 54·1 per cent, and the percentage caught by fishermen of the state of Washington was 44·7 per cent. There is not much danger that the operation of these traps will cause the destruction of our fish when the percentage of fish caught by that method last year was only 1·2 per cent.

Mr. MacNEIL: Does that percentage relate to the total pack on the Fraser river or merely to the Canadian pack?

Mr. MICHAUD: The total pack on the Fraser river. My hon. friend will understand that if it referred to the Canadian catch only, the percentage would be practically nil. After all, last season there were only 3,652 cases of sockeye salmon packed from the fish caught in these traps. Looking over the statistics, I find the percentage has not been over five per cent, except in the year 1919, and was varied from six per cent down to one per cent.

I have been told that I should exercise my prerogative and refuse to renew the licences for the operation of the traps this year. But one has only to take into consideration the effect of such action on my part, and then I think hon. gentlemen can well understand why I should hesitate. On the other hand, we have an investment of over one million dollars there made by people who have supported this community for many years. We have a community of good people depending on that industry. We have also the good name of our canned salmon fishery at stake, because these people put up the best grade of goods on the market. Then we have also the right of these people to enjoy their privileges just as other people do.

I feel, Mr. Chairman, on the facts that have been presented so far, that I cannot, just to please one set of fishermen because they are more numerous than another set, take the responsibility that I am being asked to take to-night. I have no personal interest in the matter, nor has the government any. The people who operate these traps are no friends of the government. I am looking at the question purely from the point of view of justice and equity. It is possible that some facts which I have not been able to understand or which have not been placed clearly before the government may exist; but I am sure that no one in this house who does not come from British Columbia and live close to the coast, and who is unfamiliar with the local situation, would take upon himself the responsibility of accepting this evening the amendment suggested by the hon. member for Comox-Alberni and making it the law of the country. I feel that if in the public interest these traps should be removed, more information should be given to members of the house in order to enable them to come to a decision in the matter.

Therefore, Mr. Chairman, I would suggest that this matter be referred again to the committee on marine and fisheries; and if any sound reasons be advanced beyond what has already been advanced, there is every disposition on my part and will be on the part of the government to weigh them as carefully as possible. I would accordingly suggest that this bill be not passed in a hurry but be referred to the committee on marine and fisheries where it can be looked into thoroughly, and where every member will have an opportunity to find out the facts upon which to come to a decision in the matter. For that reason I move, Mr. Chairman, that the committee rise, report progress and ask leave to sit again.

Mr. NEILL: Before the chairman puts the motion, may I say a few words?

The CHAIRMAN: The motion is not debatable.

Mr. NEILL: It has not been put yet, Mr. Chairman.

Mr. MACKENZIE (Vancouver): I think the hon. member is in order, Mr. Chairman, because I understood the minister had not finished his motion.

The CHAIRMAN: I understood him to finish it.

Mr. NEILL: The suggestion of the minister to send this matter to a committee has in it this promise at least, that it gives us a further opportunity to debate the question, but I am entirely unhopeful of any good coming out of his suggestion unless the minister accompanies with it his assurance that he will take off the government whip and let the matter be discussed on its merits, and not on its political aspects.

The minister spoke about the little settlement of Sooke being put out of existence. That is not so. The employees of that company signed the petition. It is admitted to be signed by them all, containing forty-one signatures. They include the employees of the cannery as well as the trap fishermen, about half and half. But the cannery will go on, even if the traps are taken out, so the men absolutely thrown out of employment would be from twenty to twenty-five people employed on the traps. But it would take two hundred fishermen to fill their place using seines and gill nets, and so these twenty men will easily and readily get more extensive employment.

I do not want *Hansard* to go out to-morrow without some word of contradiction or correction of the remarks of the hon. member for Nanaimo (Mr. Taylor). I want the committee to know what we in British Columbia understand, but which the committee gener-

ally does not, that Mr. Goodrich, the gentleman from whose statements he quoted so fully—he practically read his letter—was one of the partners in this transaction, and naturally his statements are very, very much ex parte statements. I could make even better statements than Mr. Goodrich made if I were going to lose $35,000 a year graft. I would certainly make a better stab at it than that. The committee saw how quickly the hon. member for Nanaimo got his information. It came here in only two days' time. He is simply the mouthpiece of that gentleman.

Mr. TAYLOR (Nanaimo): Mr. Chairman, I rise to a point of order. I am here representing the people of British Columbia of the federal electoral district of Nanaimo, and the whole of the citizens of Canada, and if I cannot see the justice of my case I do not want to be heard. If the hon. member for Comox-Alberni is going to make insinuations, then I am going to oppose him definitely and directly.

Mr. NEILL: I do not know if that is a point of order, Mr. Chairman. I attended a meeting of fishermen in the constituency of the hon. member, and I had a little difficulty in persuading them not to burn the hon. member in effigy.

I was going to say about Mr. Goodrich that he is a party to the deal; he is one of the partners, and he swore before our committee two years ago that he paid income tax every year over a period of nineteen years; it might have been twenty-nine, which suggested, because you know a man's income tax gives a vague idea of his income, that he must have been getting an income of $30,000 a year net profit. Some member of the committee, not myself, asked him what his total investment in the company was, and he swore it was $24,800 altogether, and the gentleman who had asked the question sat down with the remark, "Kind of sitting pretty, aren't you?"

Just to finish up the record of the hon. member for Nanaimo, I might quote a letter. I quoted it before, but there are new members here. It is a letter that he himself wrote. It is a record of the house, brought down in correspondence, and cannot be denied, although the hon. member tried to deny it in the committee. I shall not read it all, but I shall read the pertinent part.

Mr. TAYLOR (Nanaimo): Again I rise to a point of order, Mr. Chairman. I did not deny that letter.

Mr. NEILL: I will refer the committee to that *Hansard* record wherein hon. members will find that he did seek to deny it and I said, "Here is the record," and he spent the remainder of the sitting trying to explain it away. I will read it. He does not deny it now. It was addressed to one of these men at Sooke who had evidently written to him protesting against the traps being stopped, at the moment that the government and the minister had ordered the traps stopped:

> You see, therefore, that the anomaly of the trap situation at Sooke must be grappled with from the general public interest. If the Sooke traps are allowed to remain, excellent excuse can be advanced by the United States fishermen for the reestablishment of American traps.

That is not I saying that, that is the hon. member who has been talking ex parte for Goodrich this evening.

> The Sooke workers appear to be falling between two stools, and I say in all kindness there is no commercial justification for my advancing any arguments to destroy the position taken by the fisheries department.

At that moment they were against traps. Now listen to this:

> They are—

That is the fisheries department.

> —manifestly doing their plain duty when they protect the larger interest in the community, and it would appear—

That is his remark.

> —that the economic necessity of 48 men at Sooke cannot weigh against the economic necessity of 5,000 fishermen definitely affected by the elimination of the trap system.

"Out of the mouths of babes and sucklings hast Thou ordained strength," says Scripture. Out of the mouth of the hon. gentleman himself have I condemned his argument this evening.

Mr. TAYLOR (Nanaimo): I do not deny that letter. That letter was the reply to the Sooke community, pointing out that the minister had made his decision to eliminate the traps. It was a *fait accompli,* and as such I had to justify the condition. But when I went into the whole situation afterwards and discovered that there was a real reason for this; when I found that it was a legitimate business acting in a legitimate way under the regulations of the government, I turned right round and acted for the Sooke community and for the Sooke traps—

Mr. NEILL: "Turned right round" is right.

Mr. TAYLOR (Nanaimo): —not caring one whit whether they burned my effigy in Nanaimo or anywhere else. If I have an opinion about a thing, anyone is welcome to know it, and my opinion about the Sooke

traps is that they are filling a real purpose in the community of Sooke and in the industrial and commercial life of British Columbia. If they are doing wrong it is up to this parliament to see that they do right. If the Minister of Fisheries (Mr. Michaud) is not acting according to the instructions given to him; if the governor in council has not told him things concerning this business which ought to be corrected, then it can still be done. But I understand that all the regulations imposed against this company have been kept. The hon. member for Comox-Alberni has always adopted the *argumentum ad hominem,* and I detest it. I want to tell him here and now that it is not good business to use it. If he cannot argue about the thing itself, then let him leave the *argumentum ad hominem* alone.

Mr. NEILL: Mr. Chairman, I protest. Only two languages, English and French, may be used in this house.

An hon. MEMBER: And Scotch.

Mr. TAYLOR (Nanaimo): If and when I am privileged to sit in the house as long as the hon. member for Comox-Alberni has done, I hope I shall be equally facile in the use of my tongue, but I do hope above all things that I shall use my arguments against the thing itself and not against members of the house.

Progress reported.

Mr. Michaud moved that the bill with the amendment (Mr. Neill) be referred to the standing committee on marine and fisheries.

Motion agreed to.

FOOD AND DRUGS ACT

AMENDMENTS TO BROADEN SCOPE AND CLARIFY CERTAIN FEATURES OF THE ACT

The house resumed from Friday, February 10, consideration in committee of Bill No. 13, to amend the Food and Drugs Act—Mr. Power—Mr. Sanderson in the chair.

On section 2—"Medicine," "cosmetic," "manufacture."

Mr. POWER: On the last occasion on which this bill was before the house, some objection was taken to a number of clauses beginning with clause 2. The hon. member for Nanaimo (Mr. Taylor) was not quite satisfied with the definition of "medicine" as found in section 2 (j). The definition as laid down in the section is:

"Medicine" means any substance or mixture of substances that may be used in restoring, correcting or modifying organic functions.

[Mr. J. S. Taylor.]

The hon. member for Nanaimo suggested that we use the word "stimulating" instead of "modifying." The officers of the department and I have had some discussion with him about it, and I understand that he now withdraws his objection to the clause and is prepared to allow it go through as it is.

With respect to paragraph (l), the hon. member for Essex East (Mr. Martin) objected to the definition of "manufacture" as meaning "manufacture for sale." On the other hand, the hon. member for Brandon (Mr. Matthews) suggested the other night that the word "manufacture" should be used in its fullest dictionary sense. The reason for putting in the definition "manufacture for sale" was to permit persons engaged in scientific research to dispose of their products gratuitously in order that experiments might be carried on. I do not think we could reasonably accept the amendment of the hon. member for Essex East, who suggests that we say "manufacture for sale to the public." That would permit of manufacturers disposing of these articles direct to the medical profession without the department having any control. A large number of products which it is intended to cover by this bill are those which really need some scientific analysis, and medical men generally, particularly in the rural parts of the country, have not at their disposal the apparatus or the laboratories which are necessary for them to assure themselves that the products which they receive for distribution are absolutely non-deleterious. My technical officers advise that it is preferable that the words "manufacture for sale" be kept in the bill.

On the other hand, should I follow the advice of the hon. member for Brandon, who, as is known in this house, is a medical authority of the highest standing, I would strike out altogether "manufacture for sale" and we would be back to the dictionary definition of "manufacture," which would cover a very much wider range than is proposed to be covered by this bill. This bill, I should point out, deals with food, drugs and cosmetics. If we took "manufacture" in its dictionary sense I should be forced to inquire into the gastronomic concoctions which are made in the householder's kitchen, which, after all, would be to some extent a process of manufacture. I might even have to look into the subtle art of mixing cocktails and other concoctions of that kind which, however, pleasant they might be, would perhaps keep the department pretty busy. Under those circumstances I suggest that we allow the definition to stand as it is.

Mr. MASSEY: Has the minister received representations from various manufacturers with regard to the point on which he has been speaking?

Mr. POWER: The corner-store druggists of Canada have descended upon me to make representations with respect to section 5 of the bill, paragraphs (j), (k) and (m), and I hope to be able in a degree, probably entirely, to meet their wishes and the wishes, I am sure, of a large number of hon. members who have also been circularized by this propaganda. I do not believe, however, that there have been any serious objections to this section.

Mr. MASSEY: What degree of authority does the minister think this act gives the department in this matter?

Mr. POWER: In regard to manufacture for sale?

Mr. MASSEY: Yes.

Mr. POWER: My hon. friend is referring to the numerous letters that have been received by members of parliament protesting against undue powers of regulation being given the department. Those powers are assumed in other sections of the act. At present in the matter I am discussing the department is actually limiting itself to the control of certain articles manufactured for sale.

Mr. ROSS (St. Paul's): Some of these articles for experimental purposes might be sold to doctors, and they would be manufactured just the same.

Mr. POWER: We do control the sale to doctors and hospitals.

Section agreed to.

On section 3—Regulations.

Mr. POWER: It is with respect to section 5 that the most serious objections were raised. As regards paragraph (j) I have an amendment which meets the representations made in this circular, but before I come to that I should like to revert to section 3, which was passed, in order to add a section 3A at the suggestion of the hon. member for Comox-Alberni. In the course of his observations he stated that the powers conferred upon the department to make regulations were perhaps rather wide and that it might be well if all these regulations were published in the *Canada Gazette*. At the present time, under the Food and Drugs Act, only certain regulations with respect to a limited class of products must be published in the *Canada Gazette*. I stated at the time that I had no objection to all our regulations being published, and I would therefore ask the Minister of Mines and Resources to move an amendment in this regard.

Mr. CRERAR: I move.

That the bill be amended by adding thereto another section, 3A, to read as follows:

"3A. Subsection 2 of section 3 of the said act is repealed and the following substituted therefor:

'(2) All regulations made under the provisions of this act shall be published in the *Canada Gazette*'."

Mr. BARBER: I have had some correspondence in this regard, under paragraph (b), respecting the declaration of net contents of any package containing cosmetics. What arrangements are being made with regard to cosmetics already in retail stocks throughout the country?

Mr. POWER: In order that there be no serious disturbance in business, it is provided that the act shall come into force on a date to be fixed by proclamation of the governor in council. It is not proposed to bring it into force immediately, and I can give an undertaking that stocks now in the hands of retailers will be protected.

Mr. LAWSON: Was section 3 carried as printed in the bill?

Mr. POWER: Yes.

Amendment agreed to.

Section as amended agreed to.

On section 5—Regulations.

Mr. POWER: The first objection to section 5 was in connection with paragraph (j). The objection was raised by the hon. member for Kootenay East (Mr. Stevens). This paragraph reads:

Providing for the licensing of manufacturers of cosmetics specifying such terms and conditions as may be deemed advisable in the public interest and prescribing a tariff of fees to be paid for any such licence.

The hon. member for Kootenay East suggested, very properly I think, that there should also be some control over importers. Whatever control we have over Canadian manufacturers should be extended to other manufacturers, and in order to meet his suggestion I have had an amendment prepared, that this paragraph be amended by inserting after the word "cosmetics" in the twenty-ninth line the following:

whether such manufacturers carry on business as such within or without Canada.

The paragraph would therefore read:

(j) providing for the licensing of manufacturers of cosmetics, whether such manufacturers carry on business as such within or without Canada, specifying such terms and conditions as may be deemed advisable in the public interest and prescribing a tariff of fees to be paid for any such licence.

Mr. CRERAR: I move that amendment.

Mr. LAWSON: I understand that the minister has an opinion from the Department of Justice. Possibly it is not on the point I am about to raise. I cannot hold up the section unless I raise it here. By that amendment the minister is purporting by order in council to require a foreign subject carrying on business in a foreign country to take out a licence in Canada. Now it is not sale that you are licensing; you are licensing the manufacture. To me it is an unheard of thing for any parliamentary jurisdiction to undertake to do that beyond its own territorial limits. Such a suggestion is anathema to my legal mind.

Mr. POWER: My own opinion was absolutely that of my hon. friend. I suggested to my officers that we add the word "importers"; in fact that was the suggestion of the hon. member for Kootenay East. But the officers of my department were not quite satisfied with the word "importers" because they feared that some injustice might occur, in that an importer might have a fairly good sized shipment of valuable cosmetics in his possession and for some reason we would turn them down because they had not satisfied all our requirements in regard to health. So they said, "We had better licence the foreign manufacturer." I could not quite agree with that view and suggested that the matter be referred to the Department of Justice. I have received from them a pretty long opinion, which perhaps I had better read into *Hansard* because, as I say frankly, I am not quite convinced myself. But as the Department of Justice is the legal adviser to the government and, therefore, to all departments, I suppose I must accept its opinion. The statement reads:

To eliminate any doubt that parliament intended paragraph (j) to extend to manufacturers without as well as within Canada, I would suggest that there be inserted in the paragraph after the word "cosmetics" the words "whether such manufacturers carry on business as such within or without Canada."

The words of the amendment.

I am given to understand that if the power contained in paragraph (j) set out in section 5 of the bill be given, resultant regulations, following the practice of your department in other similar matters, will require the label attached to the article to carry the licence number of the manufacturer. If so, any articles not so labeled will be misbranded within the meaning of the act by virtue of paragraph (g) of section 7 of the act. Section 10(3) prohibits the admission into Canada for use as a food or drug of any article seeking customs entry of import which is reported to be misbranded. I am further given to understand that the close cooperation enjoyed by your department on the part of the customs authorities assures, as far as can be reasonably expected, the prevention of admission into Canada of articles of food or drug misbranded within the meaning of the act.

I may say in passing that we have that close cooperation, and we do check a large number of importations at the border.

I gather from the discussion on pages 830-831 of *Hansard*—

That is the point raised by the hon. member for Kootenay East.

—that those questioning the proposed paragraph desire to see the legislation cover articles of foreign manufacture as adequately as it covers those of domestic manufacture. In my view the proposed authority to license foreign as well as domestic manufacturers of cosmetics coupled with the provisions of the Food and Drugs Act above referred to and the cooperative effort of the customs authorities will not only prevent admission of misbranded goods into Canada but will furnish to the department authority to require and secure information as to ingredients that an importer, other than the manufacturer, is not in a position to give.

So far as power to license foreign manufacturers is concerned, Canada's right to say what shall come into the country indubitably carries with it the power to set down conditions under which a given article shall enter. Consequently I think that adoption of paragraph (j) as set out in section 5 of the bill, changed as above suggested, would vest power in the department to license foreign as well as domestic manufacturers of cosmetics.

That is signed by the acting deputy minister of justice. In face of that opinion I do not think I can do much except propose the amendment which I have proposed.

Mr. MANION: Does that mean that the foreign manufacturer would apply for a licence?

Mr. POWER: He would have to. As a matter of fact, I am informed by the officers of the department that with respect to drugs they very often do. In fact, they even go so far as to allow us to visit their factories. The point is that unless the package is properly branded with the licence number of the manufacturer it could not come in here at all. Apparently the officers of my department and the justice department are satisfied that this will be an effective way to prevent foreign manufacturers or importers from obtaining an advantage in this market, and with that I have to be satisfied.

Mr. LAWSON: I speak just from having heard that opinion read once. Down to the last sentence or two I can readily agree with the opinion, and I assume that the minister as a lawyer could also do so, namely, that by a back-handed method you can force a foreign manufacturer to come to you of his own volition and ask for a licence. But that opinion winds up by saying that by putting those words in that paragraph of this act you vest in the department power to license a foreign manufacturer.

Mr. POWER: It does not quite say that.

Mr. LAWSON: Even though it be the opinion of the Department of Justice, with great respect I wish to record my disagreement with that opinion, because I dislike to see something going on our statute books which I am firmly convinced will not stand up in the courts.

Mr. POWER: The criterion, I suppose, is that they think it is going to work.

Mr. LAWSON: I think it will, by a back-handed method.

Amendment (Mr. Crerar) agreed to.

Mr. POWER: There is another amendment, to paragraph (k).

Mr. LAWSON: The amendment to paragraph (j) is carried, but not paragraph (j) itself. I want to ask the minister something before paragraph (j) is carried.

The CHAIRMAN: Paragraph (j) was carried.

Mr. LAWSON: No, it was just the amendment that was carried.

Mr. POWER: Go ahead.

Mr. LAWSON: What I am getting at is that, as the minister said, quite a number of letters of protest were received in regard to the extraordinarily wide powers—

Mr. POWER: That is under paragraphs (k) and (m).

Mr. LAWSON: I was going to ask the minister, when we come to them, to tell us his views in connection with that matter and whether he proposes any changes by reason of those representations.

Mr. POWER: I do; I am now about to move an amendment. I will read one of the letters, which is the type of letter sent; they were nearly all the same. It says:

> Paragraph (k) gives the governor in council the power to make regulations "prohibiting the sale or defining the conditions of sale of any substance . . . etcetera." Now since the adjective "any" is used, regulations could at any time be passed by orders in council prohibiting the sale of a substance which is quite harmless, just as one could when it is dangerous.
>
> The explanatory notes accompanying this section give as the reason for this inclusion in the bill "certain substances . . . may be dangerous to life." We therefore desire that the words "dangerous to life" be inserted immediately following the word "substance" in this paragraph, or if preferred, "deleterious to health" could be inserted.

I am not proposing to insert the words "dangerous to life" except perhaps in conjunction with something else. I might be obliged to go to the graveyard to prove my case, and I do not want to wait until someone is dead in order to be able to say a substance is dangerous to life, but the amendment I am proposing would be "which may be injurious to health when used as a food or drug," which will come to the same thing. If any hon. member wished to insist on the words "dangerous to life" I could add them, but it would not be of much value. But I must at least keep the words "injurious to health." It would be impossible to operate the act as efficiently as we should like if the criterion were to be that something was dangerous to life, as that would be difficult to prove in any court unless someone actually died, and I do not think it is the intention of this committee that we should allow the manufacturers of these products to go ahead making guinea-pigs of the people of Canada until a fatality occurs. So I think, by the amendment which I have asked my colleague to move, I have met the objections which have been suggested; in fact I have practically adopted the phraseology suggested in all these letters.

Mr. LAWSON: "Injurious to health" seems satisfactory.

Mr. POWER: It seems as good as "deleterious to health." So I would ask my colleague to move that paragraph (k) be amended by inserting after the word "substance" in the thirty-fourth line thereof the words "which may be injurious to health when used." The section would then read:

> (k) prohibiting the sale or defining the conditions of sale of any substance which may be injurious to health when used as a food or drug or restricting in like manner its use as an ingredient in the manufacture of food or drug;

Mr. CRERAR: I so move.

Mr. KINLEY: Why say "may be injurious?" Why not be definite?

Mr. POWER: There are many things about which we are not quite sure. Since I have not my technical advisers before me, perhaps my hon. friend the leader of the opposition

(Mr. Manion) would tell me if I am right in my medical terms, but I think there was a glycol substance which we refused someone the right to use in flavouring extracts because we feared it might be injurious. While negotiations were going on and I was being bombarded with representations about it, two people, one in Nova Scotia and one somewhere else, died as a consequence of using this substance. Well, at the time the officers of the department were not in a position to prove that this substance was injurious, but the deaths indicated it definitely was. I think we should be given some leeway, because with the advance of science we cannot say definitely that these substances are dangerous, but we may have reason to suspect that they are.

Mr. MANION: I think that is true; I think the matter should be left open.

Mr. KINLEY: There is this about it. You say "a substance which may be injurious to health." Why not say "a substance that is injurious to health"? Some substance might be injurious in one instance and not injurious in another.

Mr. LAWSON: Is that not the very reason why there must be some discretion left with the officials? This section merely gives power to prohibit by order in council the use of something which may be injurious to health. In other words, they may wish to prohibit the use of this glycol product in an edible food and not prohibit it in something else.

Mr. POWER: In antifreeze, for instance.

Mr. LAWSON: I think we have to leave them some discretion.

Amendment (Mr. Crerar) agreed to.

Mr. POWER: Representations were also made with regard to paragraph (m). I am reading now from one of these circulars I received:

> Paragraph (m) as it reads would allow the regulation of any claim whatsoever. We desire that the words "false, exaggerated or misleading" should be inserted before the word "claims," as this is obviously the intent of this clause, and we do not feel that power should be given to prohibit true statement of fact.

I will ask my colleague to move that paragraph (m) be amended by inserting after the word "respecting" in the forty-first line thereof the words "false, exaggerated or misleading," and deleting in the same line the words "which may be made."

Mr. CRERAR: I so move.

Mr. MANION: What is the purpose of taking out the words "which may be made"?

Mr. POWER: I think it is better English. If it is a claim it must be made in some way or another, in writing, verbally or otherwise.

Mr. BARBER: Who determines that this is misleading; the officials of the department?

Mr. POWER: I would imagine so.

Mr. LAWSON: If it came to court there might be a question. If it were not misleading the department would have no power.

Amendment (Mr. Crerar) agreed to.

Section as amended agreed to.

On section 6—Department may require declaration by manufacturers.

Mr. POWER: I think this section was held over in consequence of the discussion with the hon. member for Kootenay East in regard to manufacturers and importers. The section reads:

> The department may order that the manufacturer of any article of food or drug shall furnish a declaration in prescribed form asserting that the article in question—

And so on. It also states that if importation is sought, a similar declaration will be obtained. I think, in view of the amendments to the previous section, this section might carry now.

Section agreed to.

On section 7—Offence.

Mr. POWER: The hon. member for Vancouver South thought the section as drafted was possibly a little too wide. I am inclined to agree with him. Section 32A, which is the offence section, reads:

> Every person shall be guilty of an offence under this act who advertises any food or drug in a manner which is in any respect misleading—

My hon. friend thought the words "in any respect" should come out, and I am quite willing to meet him in that respect. I will ask my colleague to move that section 7 be amended by deleting the words "in any respect" in the twelfth line thereof.

Mr. CRERAR: I so move.

Amendment agreed to.

Mr. LAWSON: What is the penalty prescribed for an offence under the act?

Mr. POWER: Section 23 of the Food and Drugs Act itself reads:

> Every person who by himself or his agent or employee manufactures for sale, sells, offers for sale or exposes for sale, any article of food or any drug which is adulterated or misbranded, shall be guilty of an offence, and . . .

liable upon summary conviction to a fine not exceeding two hundred dollars and costs, and not less than fifty dollars and costs, or to imprisonment for any term not exceeding three months, or to both fine and imprisonment, and for each subsequent offence to a fine not exceeding five hundred dollars and costs and not less than fifty dollars and costs, or to imprisonment for any term not exceeding six months, or to both fine and imprisonment.

Mr. LAWSON: That is for that particular offence, but in section 32A you are prescribing an offence for which there is no penalty. I am wondering whether there is a general penalty section in the act.

Mr. POWER: I am quite sure there is, though I cannot point it out at the moment. I am under the impression that it is section 32, which says:

Every person who

(a) attaches to any article or package of food or drug sold or offered or exposed for sale any label or mark containing any untrue or misleading name, device or statement; or

(b) neglects or refuses to label or mark any article or package of food or drug in accordance with the requirements of this act;

shall for a first offence be liable, upon summary conviction—

Mr. LAWSON: That makes it a rather dangerous section, because it reads, "every person shall be guilty of an offence under this act who advertises any food or drug in a manner—"

Mr. POWER: There is another section which I have found now. Section 33 states:

Any person failing to observe any requirement of this act for which a specific penalty has not been provided shall for a first or subsequent offence incur in each case the penalty provided in section twenty-seven of this act.

Then section 27 provides for a fine not exceeding $200 and costs and not less than $50 and costs.

Mr. LAWSON: Fifty dollars is a rather large minimum fine for doing anything "likely to create erroneous impressions regarding its value, composition, merit or safety." "Puffing," using the word in the legal sense, for purposes of sale would be an offence under this act. We are getting away from the old maxim of *caveat emptor*. I do not like that kind of legislation.

Mr. POWER: This is the last section of the bill.

Section as amended agreed to.

Bill reported, read the third time and passed.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. MacNEIL: Will the Minister of Pensions and National Health proceed to-morrow with his bill to amend the Pension Act, or will he allow it to stand until a decision has been reached with regard to other recommendations of the organized ex-service men?

Mr. POWER: I shall not be bound by any suggestions, but I shall not go on with the bill to-morrow.

At 11.05 p.m. the house adjourned, without question put, pursuant to standing order.

Friday, March 3, 1939

The house met at three o'clock.

LOAN OF $750,000,000

TO MEET LOANS OR OBLIGATIONS, TO PURCHASE UNMATURED SECURITIES, AND FOR GENERAL PURPOSES

The house resumed from Thursday, February 16, consideration in committee of the following proposed resolution—Mr. Dunning—Mr. Sanderson in the chair:

That the governor in council be authorized to raise by way of loan under the Consolidated Revenue and Audit Act, 1931, an amount not to exceed in the whole the sum of seven hundred and fifty million dollars for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation unmatured securities of Canada, and for public works and general purposes.

Mr. VICTOR QUELCH (Acadia): Mr. Chairman, I rise to oppose the resolution because I am opposed to the financial policy of this government, a policy which in my opinion is forcing the people of this country further and further into debt, resulting in increased taxation and a steady lowering of the standard of living of the people.

Some members appear to believe that the present system has operated satisfactorily in the past and that there is no reason why it cannot continue to operate satisfactorily in the future. But, as was pointed out by the hon. member for Calgary East (Mr. Landeryou) the other day, the present system is a debt-creating system, and so long as we operate under it our debts are bound to increase steadily until eventually our fixed debt charges may well be in excess of our total revenue.

What is the result of this system? In the field of physical accomplishment it is no doubt one of which we may well be proud. But in the economic field it is one which must be a matter of concern to every thinking individual. The record of the present system has been that of building up enormous unrepayable debts, federal, provincial, municipal and private, resulting in default on

bonds and mortgages, in bankruptcies and wholesale cancellation of debt, this very often taking place in the face of tremendous self-denial and long hours of overtime on the part of the people. Perhaps the greatest condemnation of the present system is that it creates an artificial scarcity in the face of potential abundance, and restricts production in the face of actual want, thus causing starvation and destitution.

We find many people in their smug complacency telling us that the system has operated satisfactorily in the past. I would say that the present system is a dishonest one; because what moral right have we to mortgage the production of future generations? What right have we to place a debt against unborn generations? To my mind the present financial system is nothing more or less than a gigantic racket, wherein the Minister of Finance has been placed in the position of acting as a collector for these financial racketeers. We are told that this system is highly efficient and that it has operated satisfactorily, but I would say, satisfactorily from whose point of view? From that of the bankers, certainly. But a system which has operated so as to force the people of this country steadily further and further into debt can hardly be considered from their point of view a satisfactory system.

The motion is—

—to raise by way of loan under the Consolidated Revenue and Audit Act, 1931, an amount not to exceed in the whole the sum of seven hundred and fifty million dollars for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation unmatured securities of Canada, and for public works and general purposes.

We are opposed to the policy of the government as exemplified by this resolution, because we feel it is a policy which is largely responsible for the poverty that exists throughout the country; and it is our intention to move an amendment. I had hoped that this amendment would have been moved before I spoke, but it will be proposed, after I have finished, by the hon. member for Calgary East (Mr. Landeryou).

We hear a great deal about the dangers of communism and fascism. The greatest protection against communism or fascism is a happy and contented people. Both these "isms" thrive on discontent, and discontent is rife from one end of this dominion to the other. The failure of this government to bring about any really progressive policy is responsible, more than any other single factor, for the growth of fascism and communism. For several years we have been told that the major problem is unemployment. The Bank of Canada report points out that unemployment must be regarded as a long-term problem. But I would point out that employment is merely a means to an end; that end is economic security for the people. The real problem therefore is not so much one of employment as of providing social security for the people.

Have we any reason to believe that this resolution will help to bring social security to the people? I am afraid that all we can expect is that it will help to bring about better conditions of a temporary nature, but eventually it must mean an increase of debt, resulting in more poverty. For generations the best brains of the world have been endeavouring to find ways and means by which the productivity of mankind could be increased, and to-day we have at last reached the position where we have actually created a surplus productive capacity both of man-power and of machine-power. We have emerged from an era of scarcity into one of abundance. We have now reached the stage where it is not only possible but logical that the people of this country should be able to enter an era of greater leisure. It is a picture of which we might well be proud. But what do we find? We find at the present time the Minister of Labour pitting his puny weight against the combined brains of the scientists. They on the one hand are making it possible for more and more people to be relieved of the heavy and long toils of labour; he on the other hand is trying to put more men back to work. Unquestionably he is fighting a losing battle, and I would say it is a good thing that he is, because his policy is one of reaction.

What is the situation in Canada to-day? We have a great productive plant in the form of factories, farms and mines, working at only a small percentage of their capacity; great natural resources barely tapped; great reserves of energy, a large surplus of unused labour in the form of the unemployed; and, in addition, a favourable balance of payments in the neighbourhood of, I believe, $185,000,000. It is a glorious picture, and one of which we might well be proud. I suppose that if anybody who was unfamiliar with conditions in Canada were confronted with that picture he would immediately say, "Undoubtedly there cannot be any poverty in Canada; for you must be enjoying a very high standard of living". He would be justified in coming to that conclusion, because there can be no excuse for having a picture of that kind on the one side, and on the other approximately a million people on the verge of starvation, with thousands upon thousands suffering from a very low standard of living.

We hear hon. members and people outside the house criticize industry for not having more confidence, for not expanding; but how can industry expand when it is already in the unfortunate position of having difficulty in selling its products? It is true there is a large physical demand for goods in Canada to-day, but what good is that physical demand unless it is backed up by money? We therefore contend that steps will have to be taken to put money in the hands of the general consumer so that it will be possible to make that great physical demand effective against the production of the country. Until this is done it is useless to talk about industry expanding.

The reason for this condition—we have stressed it in this chamber many times, and I do not wish to labour the point—is that industry is not in a position to create, except in times of excessive capital goods construction, an effective demand for its own production. When, on March 14 of last year, I spoke in this chamber, I dwelt at some length on this subject, and I do not intend at this time to go over that field, but in passing I would merely mention what I believe are three of the main causes: (1) the practice of charging profits into prices without distributing purchasing power to pay those charges; (2) the practice of saving and the reinvestment of savings, which increases production without bringing about a corresponding increase in the effective demand of the people; and (3) the repayment of old debts, which results in a certain charge being put into prices to recover those debts, without a corresponding issue of purchasing power to pay them. As these deficiencies are occurring concurrently with production, and as production goes on continuously, it is quite obvious that a deficiency must occur continuously as well unless, as already stated, there is a certain definite volume of capital goods construction. I call that point to the attention of the Minister of Finance because when he spoke last year he said that we had absolutely ignored the question of capital goods construction; and yet when most of us have spoken on this point we have mentioned that there must be a certain definite volume of capital goods construction, or in other words you must maintain a definite relationship between capital goods construction and the production of consumption goods.

Mr. DUNNING: What relationship?

Mr. QUELCH: The very first time I spoke in this house at the first session I laid down the premise that industry could not create an effective demand for its own production unless you had a sufficient volume of capital goods construction, so that the salaries, wages and dividends paid in that production were equal to the deficiency of purchasing power that existed as between total prices of consumer goods and the purchasing power distributed in their production. You have to maintain that relationship; otherwise there will be a lag in the demand for consumer goods. It must be obvious that there is a definite limit to the amount of capital goods production, that can be carried on because there is no use in building factories if you cannot sell the goods produced by the factories already in existence.

This resolution proposes the borrowing of money for capital goods. That is a very fine thing and in that way the deficiency might be made up temporarily. But, I repeat, inasmuch as the deficiency occurs continuously with production it stands to reason that you cannot make it up by borrowing money on a permanent basis. That money will have to be issued debt free if you are ever to make up the continuously recurring deficiency. It must be obvious that borrowing money to make up a continuously recurring deficiency can only result in steadily increasing debt. If, as we have done in the past, we can have the banks create money for our use, without that action resulting in inflation, then I say that there is no reason under the sun why under similar circumstances we cannot use the Bank of Canada for the purpose of creating money without any greater danger of inflation, thereby saving the people of Canada millions upon millions of dollars in interest.

With some members the term "inflation" has become an obsession; it is like waving a red rag in front of a bull. They are afraid to feed starving people for fear that those people will eat so much that they will burst. In other words, they are afraid to give money to starving people to buy the goods that are available for fear that they will buy so many that there will be a resulting shortage. Now, we fully realize that there is a well-defined limit to the amount of money that can be issued in any period, and so long as it does not go beyond that limit there need not be any fear of inflation.

Mr. DUNNING: What is the limit?

Mr. QUELCH: The limit is the amount of money necessary to make the great physical demand of the people effective against the production of the country; that is to say, if you have on the one hand goods unsold and on the other hand people requiring those goods, you can give them enough money to buy those goods without any possible danger of inflation. There may be a danger of

exploitation. Industry might say, "Seeing that there is more money in circulation we will take advantage of that fact to raise prices." But that is a matter for government control. In England during the war it was necessary for the government to exercise such control. The day that war was declared prices started to go up without any increase in the money in circulation, simply because industries wanted to exploit the people. The government therefore took action. That is not inflation but exploitation, and the government will always have to take the necessary action to avoid it if prosperity is to be brought about by an increase in money.

Some members contend that if our argument is sound the system would have crashed long ago. I would point out that the system has been kept in operation by the creation of enormous unrepayable debts, bankruptcies and unnecesary starvation. I should like to give briefly two examples to show how the system has been kept in operation in the past. First, I would take a highly industrialized creditor nation, England, and secondly, the Dominion of Canada.

An hon. MEMBER: What about Scotland?

Mr. QUELCH: This will apply to Scotland as well as England. At any rate I am going to quote a Scotsman.

Mr. REID: Be fair; call it Great Britain.

Mr. QUELCH: Very well, though he calls it England. I quote from Reginald McKenna, who I believe is a Scotsman, in a speech he made to the American Bankers' Association on October 5, 1922:

> For over two centuries British capital, that is, credit, had been lent to other countries; year by year England produced more than she either consumed herself or could exchange for the products of other nations, and she could not obtain a market for the surplus unless she gave the purchaser a long credit. Foreign loans and foreign issues were taken up in England and the proceeds were spent in paying for the surplus production. British factories and workshops were kept in good employment, but it was a condition of their prosperity that a part of their output should be disposed of in this way.

That is to say, for over two hundred years England consumed only a portion of her production.

Mr. DUNNING: Are you quoting McKenna now?

Mr. QUELCH: No, that is what I say. Reginald McKenna says that that action brought prosperity to the people, but I would point out that while that action may have brought prosperity to a certain class of society in England, nevertheless, during that period, there was terrible starvation and poverty in many parts of England. The greatest condemnation of the system operating in England at that time was the fact that notwithstanding that there were millions and millions of people upon the verge of starvation, England exported more than she imported back. She exported a certain amount and refused to accept wealth in return for it. What happened to the wealth exported abroad? It would be interesting to follow it up to see whether there was any justification for keeping millions of people on the verge of starvation while English industries shipped wealth abroad, accepting none in return.

Now let me quote from a book by P. C. Loftus, a member of parliament in England. The title of this book is A Main Cause of Unemployment, and on page 7 he writes:

> Sir Arthur Samuel, M.P. (formerly Parliamentary Secretary to the Treasury in the Conservative government), writing in *The Times* trade supplement of the first November, 1930, states:
>
> "During the last sixty years fleets of ships have carried abroad millions of tons of merchandise, shown in the board of trade returns as exports, but the nation has lost an important portion of their total value. That can be proved by the fact that our surviving oversea investments prior to the war amounted to only £4,000 million. Of that amount we parted with £1,000 million owing to the war. That total ought, however, in my opinion, to be very much larger—not less than £6,000 million at the very least. Therefore, at a cautious estimate, I say we have lost not less than £2,000 million in overseas investments during the last sixty years. . . . It is not unlikely that our loss has been much heavier, perhaps even £4,000 million.

In other words, owing to the exports of wealth abroad, England lost in the neighbourhood of $16,000,000,000 worth of wealth. The people who were kept starving during those sixty years could have had available to them $16,000,000,000 worth of wealth. I would especially commend that statement to our friends on the right, because they so often tell us that it is not a question of money but of goods. There is an example—$16,000,000,000 worth of goods available to the working people of England; but what does the government do? Instead of making those goods available to the people, instead of financing consumption at home, they finance foreign consumption, giving the money to foreign nations to buy the goods that the people of their own country could not buy. England could at that time have given that money to the people of England and the people of England would have been richer by $16,000,000,000.

Mr. WOODSWORTH: Might it not have been given in the form of wages and services?

Mr. QUELCH: I am not saying it could not. It could have been used to finance public works, but if it had been given as wages for producing goods there would have been that many more goods left unsold.

Mr. WOODSWORTH: I mean higher wages and increased public services.

Mr. QUELCH: If you have higher wages you immediately increase costs; prices would rise, and the discrepancy between goods and prices would continue, unless you controlled the prices.

Mr. HAYHURST: And better homes.

Mr. QUELCH: I will refer to that. But this article in the *Times* supplement says—

Mr. DUNNING: Who wrote it?

Mr. QUELCH: It is an editorial in the London *Times*.

An hon. MEMBER: What date?

Mr. QUELCH: It does not give the date. It is quoted in this book. It must have been shortly after November, 1930, because it is a comment on this statement of Sir Samuel Martin. It reads:

> Exporting is commonly referred to as though it were a thing desirable in itself; in fact, as we have often urged, the object of exporting is to create a credit abroad that can be used for the purchase of commodities, for permanent investment abroad, or for some other purpose; otherwise it is clear that the same need would be achieved if the goods were sent to sea and sunk in the Atlantic.

Yet that action, according to Reginald McKenna, brought prosperity to England. How much greater the resulting prosperity would have been if the money had been issued in the form of wages for public works, or in dividends, so that the people could have bought those goods, instead of giving the money to foreign nations to buy the goods and then having the debts repudiated.

I quote what Loftus has to say referring to this article:

> It is difficult to bring home to the reader what this great loss of wealth has meant to the country. One may perhaps point out that all our great cities, London, Liverpool, Glasgow, Manchester, Birmingham and twenty or thirty more, could have been pulled down and rebuilt with wide streets, open spaces, parks and commodious healthy housing for all, with a portion of the wealth now as utterly lost to the nation as if, (to quote the *Times*,) it had been "sunk in the Atlantic."

This, I say, is a great condemnation of the system. But that is how it is kept in operation—by creating artificial scarcity in the country in which the goods are produced, and exporting to foreign nations. I contend that charity should begin at home.

I wish now to refer to what has happened in Canada under this system, going back prior to the war. Prior to 1914 there was in Canada fairly general prosperity, far better than we have now; men could always get a job. That prosperity was mainly due to the tremendous capital development that was taking place—the building of railways, highways, towns, and so on. The money so distributed in capital production was made available to the people to buy consumer goods. Prosperity was thus brought to Canada, but that prosperity was built on debt. To-day the people are being asked to pay in current prices not only the cost of production of current goods but also for the goods consumed prior to 1914. The wages, salaries and dividends paid out on current production cannot possibly by themselves pay for the production of former years, therefore the effective demand of the people against production to-day is being destroyed. The only way that can be made up is by issuing debt free money. If it is made up by borrowing, when the loan is repaid it has to be included in the price of the goods, and the same condition will result. We cannot pay debt with debt. We can transfer a debt from one place to another—

Mr. DUNNING: Will my friend permit a question there? He uses the phrase "debt free money." Does he thereby mean money which does not have to be repaid to anybody?

Mr. QUELCH: I mean money issued by the Bank of Canada; if you like it would not make any difference whether it be issued as permanent non-repayable debt, because remember—

Mr. DUNNING: Just a minute. I am asking, purely for information, whether the term "debt free money" as used by my hon. friend means interest free money, or money which does not have to be repaid to anybody by anybody?

Mr. QUELCH: I mean both—debt free and interest free. Under our proposals, if at any time too much money was in circulation, it would be taken out of circulation, either by taxation or through the price discount factor. But this is the point we make: that that money would not be taken out for the purpose of providing revenue for the government. It would be taken out in order to avoid inflation, and could be cancelled or burnt as soon as taken out. This government taxes in order to get revenue for itself; we do not believe that is necessary. This government can issue what money is needed through the Bank of Canada. If too much money is in circulation, that money can be taxed out for the purpose of avoiding inflation, but not to

provide revenue. This government ties its activities down to the amount it can take from the people in taxes. The minister said that the only money available is what is taken from the people; we say that is a major factor in creating poverty, and absolutely unnecessary.

Mr. DUNNING: I am trying to get an understanding. Will my hon. friend permit me to ask—

Mr. QUELCH: If the minister will be good enough to wait, I shall be dealing at some length with the question of issuing debt free money, and probably his questions will be answered as I speak.

As I have already stated, to avoid this difficulty the Minister of Finance proposes that we must misappropriate the funds of the future. That is the only word I can use. We have no right to use the purchasing power of future generations for that purpose. What right have we to tell unborn generations: You have to pay a higher price for the goods you want in order that we may buy more goods to-day? It is rank dishonesty, a straight case of misappropriation of other people's funds.

Mr. MOORE: Order.

Mr. QUELCH: There is nothing out of order in that.

Mr. MOORE: Is the word "dishonest" a parliamentary word?

Mr. QUELCH: I am not accusing any hon. member of being dishonest.

Mr. MOORE: I think the hon. member said it was a dishonest policy.

Mr. QUELCH: Yes, absolutely, but I am not saying that any hon. member of this house is dishonest. I do not want anyone to think for a moment that I am suggesting that the Minister of Finance or anyone else is dishonest. I say we are operating under a dishonest system; that is the distinction I draw. When I attack the banking system as being a gigantic racket, I do not want anyone to think I am attacking the bankers, or accusing them of being dishonest men. I agree that the general run of bankers are as fine a body of men as any; it is not their fault that they are operating under a dishonest system. We maintain that so long as we continue to operate under this debt creating system our debts are bound to increase steadily year after year, resulting in increased taxation and increased poverty.

We therefore believe that internal expenditures can be met by national money, without any danger of inflation, provided that we are only stimulating the demands of the people up to the capacity of industry to satisfy those demands.

Last year the Minister of Finance stated that an issue of money by the Bank of Canada might cause inflation, due to the practice of the chartered banks of expanding their loans up to ten times the amount of their cash. The minister used that as an argument against the issue of money by the Bank of Canada. I ask the minister, has parliament to-day established effective control over currency and credit?

Mr. DUNNING: Yes.

Mr. QUELCH: The Minister of Finance answers yes. Speaking in this house on February 28, 1938, he said, as reported at page 891 of *Hansard* of that year:

> Parliament through instruments which it has created and which are now in operation does control currency and credit in Canada day by day, week by week and month by month.

He is still of the same opinion. It is rather strange, though, that a few days after that statement was made the deputy governor of the Bank of Canada, Mr. J. A. C. Osborne, speaking before the junior board of trade of Ottawa, should say:

> No respectable central bank would accept from its government a policy with which it differed fundamentally.

In other words we control it only provided that our policy is acceptable to the Bank of Canada.

Mr. DUNNING: No.

Mr. QUELCH: Then Mr. Osborne was not stating the facts.

Mr. DUNNING: Oh, no.

Mr. QUELCH: I will repeat what Mr. Osborne said:

> No respectable central bank would accept from its government a policy with which it differed fundamentally.

Mr. DUNNING: Of course any man who was asked by this government to do something which in his opinion was wrong or bad ought to get out of the service of the government rather than do it. That is what is meant by a statement of that kind. No man who was responsible and who had a due regard for his responsibilities would remain in the position of carrying out a policy which he believed to be fundamentally wrong.

Mr. QUELCH: It does not say "no respectable servant of the Bank of Canada." It says "no respectable central bank."

Mr. DUNNING: Quite; the same thing.

Mr. QUELCH: In other words the bank would need to be demolished. If he had said "no self-respecting governor or deputy governor of the bank" I would have agreed with the minister, but he said "no respectable central bank." So I do not think the argument is well founded.

Mr. DUNNING: The bank is the instrument which this parliament has created; and the bank, used in that sense, is of course the governor and other officials of the bank. It is very plain.

Mr. QUELCH: The Minister of Finance told us last evening, and he has told us again, that he considers that this government has control of currency and credit; yet last year in this house he made a statement that showed absolutely beyond any shadow of doubt that we have no effective control of the issue of currency and credit in this country. Speaking on March 8, 1938, and referring to the suggestion made by the hon. member for Rosthern (Mr. Tucker) that we should issue some $350,000,000 for public works, the minister said:

> An increase of say $350,000,000 in chartered bank holdings of Bank of Canada notes would increase their cash reserves from the present figure of about $250,000,000 to $600,000,000, and their cash ratio from about ten per cent to roughly twenty-four per cent.
>
> The sponsor of the suggestion contends that no inflation is intended or would result by thus increasing bank cash, so long as the gold cover of the Bank of Canada did not fall below the twenty-five per cent minimum. This factor, however, is not a test of inflation. If the banks use their increased cash in a normal way, as a basis for the extension of roughly ten times as much in loans to the public, or for the acquisition of ten times as much in investments, bank deposits would expand by approximately an equal amount until the cash ratio was brought down again to approximately ten per cent. This would mean an increase in bank deposits from the present level of about $2,387,000,000 to something like $6,000,000,000, or more than 2·6 times the level of December 31, 1929.

Then he goes on to say:

> Am I merely old fashioned or orthodox when I say that this would mean a colossal measure of inflation?

Mr. DUNNING: That sounds better now than it did when I said it.

Mr. QUELCH: Let us go on. The minister says we have absolute control over the issue of currency and credit. If we considered it desirable to have another $350,000,000 in circulation for public works, the Minister of Finance points out that we would not dare do that because—these are not his words—owing to the fact that we have no control over the chartered banks, they would expand that ten times over, and instead of having $350,000,000 in circulation you would have $3,500,000,000. That inflation would not result from the action of the government; it would be the deliberate result of the expansion of credit on the part of the chartered banks, which shows conclusively that we have absolutely no control over the expansion of credit by the chartered banks. I think it is high time—

Mr. DUNNING: The limit of expansion is clearly stated in the law.

Mr. QUELCH: Yes; up to twenty times their cash holdings. Every action taken by this government can be multiplied twenty times over by the chartered banks. If we issue a certain amount of money they can expand it twenty times. As I have said before, the sort of control we have in this house is like the control you would have over a high powered car with a worn out steering gear. If you gave it a little turn to one side the chartered banks would shove you into the ditch on that side. Then, if you got out of the ditch of inflation they would shove you in the ditch of deflation on the other side. It is absolutely impossible to hold this country to any definite line of action, because you always have to take into consideration the fact that the chartered banks have power to expand by ten or twenty times the amount of money we put into circulation, or to deflate by twenty times the amount we may draw out of circulation. I think it is quite obvious that to regain that control might entail quite a severe battle in this house. Is that not the very thing the Prime Minister (Mr. Mackenzie King) led the people of this country to believe would be done, when after the last election he said:

> Canada is faced with a great battle between the money powers and the powers of the people, a battle that will be waged in the next parliament.

We have yet to see any sign of that battle. Personally I cannot help feeling that the Liberal party has adopted the old slogan, that he who fights and runs away will live to fight another day; and I believe it is becoming harder and harder for them to find some place to run to. I do not believe the people will be satisfied to let them run to their arms in the next election.

We believe the government should utilize the Bank of Canada to create the necessary funds to meet government expenditures, placing the full responsibility upon the Bank of Canada to see that no undue inflation occurs. That is their duty. If the chartered banks refuse to govern their actions according to the recommendations of the Bank of

Canada, then steps can always be taken to enforce that action by increasing the cash reserve requirements of the chartered banks.

Now I come back to the question of the control and issue of credit. On several previous occasions when speaking in this house I have referred to what is very often described as the one hundred per cent money system.

The CHAIRMAN: I must inform the hon. member that he has spoken for forty minutes.

Mr. QUELCH: Very well; I will finish this another time. It is just the question of one hundred per cent money, with which I will continue later.

Mr. BLACKMORE: Mr. Chairman, may this count as an interruption which will give the hon. member the privilege of going on for another forty minutes?

Mr. DUNNING: On a point of order, Mr. Chairman, it seems to me there are a great many members of this committee who may wish to speak on this matter. If you recognize a subsequent speaker who deliberately rises merely for the purpose of providing an interruption in order to permit the original speaker to continue, and who in fact so states, I submit that other speakers are being denied their right to speak. The hon. member for Calgary East was on his feet; he is straining at the leash.

Mr. LANDERYOU: I am prepared to allow the hon. member to go ahead.

Mr. DUNNING: There may be others who desire to speak.

Mr. QUELCH: Does not this all count as an interruption?

The CHAIRMAN: I do not think the point raised by the hon. member for Lethbridge (Mr. Blackmore) is well taken. I know there have been occasions in this house during the last few years when members who have spoken for forty minutes in committee of the whole have been notified that their time was up and another hon. member would say something not particularly relevant and immediately sit down again, after which the hon. member who previously had the floor would rise and continue. In my opinion that is out of order. The forty minute rule never provided for that.

Mr. BLACKMORE: Mr. Chairman, may I ask a question? We are looking for information. As soon as we learn how to play according to the rules of the house, believe me we will do so. But we want to know how to do it. The Minister of Finance rose and delivered a little speech in the midst of my hon. friend's speech. Was that not an interruption by him?

The CHAIRMAN: But the hon. member who had the floor allowed the minister to interrupt. That is the course followed in debate.

Mr. BOUCHARD: It was to help him.

Mr. J. C. LANDERYOU (Calgary East): As the hon. member who has been described by the minister as straining at the leash, I shall proceed to let him know what I feel about this whole matter of finance, and about these indirect and complex financial manipulations which have so befuddled his mind that, according to his own words, the more he studies the less he seems to know.

Mr. DUNNING: I did not say that at all.

Mr. LANDERYOU: The less he is sure of.

Mr. DUNNING: Mr. Chairman, I ask for an absolute withdrawal of that statement. It is not a correct statement of what I said, and the hon. member purports to quote me. It is a well known rule of the house that he who purports to quote a member must quote him correctly, or not at all. I will stand by anything I have said, but not by what my hon. friend says I have said.

Mr. LANDERYOU: I recall that he said the more he studies the less sure he is.

Mr. DUNNING: No, I did not say that, either.

Mr. LANDERYOU: What did he say, then?

Mr. DUNNING: You will have to look it up.

Some hon. MEMBERS: Withdraw.

Mr. LANDERYOU: The resolution we are—

Mr. DUNNING: My hon. friend should withdraw.

The CHAIRMAN: The hon. member for Calgary East (Mr. Landeryou) should conform to the rules of the house, and withdraw.

Mr. LANDERYOU: I withdraw, and accept the explanation.

The CHAIRMAN: Without reservation.

Mr. LANDERYOU: I withdraw, and accept the statement as made by the hon. member.

The resolution reads as follows:

Resolved, that the governor in council be authorized to raise by way of loan under the Consolidated Revenue and Audit Act, 1931, an amount not to exceed in the whole the

sum of seven hundred and fifty million dollars for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation unmatured securities of Canada, and for public works and general purposes.

I should like to know just when we borrowed this sum of $750,000,000, just how the money was spent, and whether any reserve has been set aside to retire the sum in a measurable period of time. To whom do we owe this money? Has the government any plan of eventually paying off this sum? Is there any way, outside of borrowing and taxation, of raising a fund to meet the expenditures of this government?

I am familiar with many of the promises made by the Liberal party in this regard.

An hon. MEMBER: Why don't you read your own?

Mr. LANDERYOU: At the moment I wish to refer to one of those promises. I do so because the people of Canada are becoming alarmed over the rapidly increasing burden of private, municipal, provincial and federal debt. These are the words of the present Minister of National Defence (Mr. Mackenzie) as they were reported in the Toronto *Daily Star* of July 6, 1935.

Mr. MacINNIS: That was an election year, was it not?

Mr. LANDERYOU: He said:

Government control of the Bank of Canada and a reorganization of the financial structure, with reduction of interest rates should be one of the primary tasks of the Liberal party should it attain power, according to Hon. Ian Mackenzie, who left for Vancouver last night. He intends to fight his election campaign on these issues.

"The control by the government of the central bank is imperative," he said. "Once this has been regained the government, by increasing the note issue to the 25 per cent metallic coverage agreed upon by the world monetary conference, would have an additional half billion dollars which could be devoted to the reduction of the national debt. This would not be inflation," he insisted.

The Bank of Canada holds $110,000,000 in gold. By the new valuation this becomes $180,000,000. Using it as a 25 per cent, coverage, notes to the extent of $720,000,000 could be issued as against the present issue of $259,000,000.

The national debt which remains after the half billion has been paid off would be refinanced by substitution of non-interest bearing securities for the present interest bearing bond. This would unfreeze vast reserves which would then be diverted into commerce and industry, he held.

There have been occasions, and particularly during the war years, when the government and the commercial banks issued more money than they had gold in reserve. There was also an occasion when $35,000,000 was raised by the Conservative administration under the Right Hon. R. B. Bennett, when the money was secured at the rate of one per cent. As I have said before, this system of money is nothing more than a system of figures which has been used to swindle primary producers, workers and others out of everything they figured on. It is nothing but a bookkeeping system. Here is an article which has reference to Great Britain:

Regarded as a warning to any trade war adversary against attacking the value of the pound sterling, Britain last week revalued the gold reserve of the Bank of England, creating a "profit" of about £100,000,000. The effect of this was to place that additional amount of gold at disposal of the exchange equalization account and give the treasury a potential cash reserve.

The authorities stressed that the revaluation had no effect on current banking or monetary policy. It was neither inflation nor deflation, simply a question of bookkeeping. This was borne out by the open market price of gold, which remained unchanged at 148 shillings 7½ pence an ounce.

The Bank of England held gold worth £126,000,000 ($589,176,000) at a statutory valuation of 84 shillings 10½ pence an ounce but the statutory price will be raised to the current market price when a bill introduced last week in parliament becomes law.

That will increase the bank's gold to a value of around £226,000,000, all of which really belongs to the government, which controls the equalization account directly and the Bank of England indirectly. It has the power to use the £100,000,000 of hitherto "hidden" gold to help finance rearmament if it is not needed elsewhere.

That simply means that by the expedient of revaluing gold, billions of dollars have been created.

I wish at this time to move:

That the resolution be amended as follows:

"Provided that the loan authorized shall be reduced by an amount equal to that portion thereof representing all payments or redemptions mentioned in this resolution which can be made in Canadian funds, and provided further that the Bank of Canada be authorized to issue debt free a sufficient amount of currency to the government for such payments or redemptions."

At this point I shall refer to a promise made not very long ago by the Prime Minister (Mr. Mackenzie King), when he said that any citizen had only to represent that changes should be made in the banking and currency law, and that the only body which has due authority would immediately give the matter prompt attention and efficient direction. Speaking for the Social Credit party, of which I am a member, and speaking for the tens of thousands of social crediters in Alberta and the further tens of thousands of social crediters throughout Canada and the British empire, I plead with the government and the

Prime Minister on behalf of the debt ridden and poverty stricken people of this country to take immediate action along the lines he has indicated, and to fulfil the promise made by him, the Prime Minister.

Speaking last year in the House of Commons the Minister of Finance said:

I hope on some future occasion, if opportunity serves and hon. members will give me sufficient time, to demonstrate to the house that this parliament through instruments which it has created and which are now in operation does control currency and credit in Canada day by day, week by week and month by month. The only question is whether the proper methods of control of credit and currency are being used by the instruments which this parliament has created and which are under its own control for that purpose. On some future occasion I shall attempt to demonstrate that this function is being performed by the instruments which parliament created for the purpose, and that the control is real and continuous.

I hope that the Minister of Finance will seize this opportunity to demonstrate to the house just how the control of the issue of money and credit is effected in this country, and answer the questions we have asked.

Mr. DUNNING: I did that last session in a subsequent speech.

Mr. LANDERYOU: How can the minister explain away the fact that, shortly after that statement was made, the deputy governor of the Bank of Canada said that no respectable central bank could accept a policy with which it differed fundamentally?

Mr. DUNNING: That is right.

Mr. LANDERYOU: Is it not the duty and responsibility of parliament to declare what policy shall be carried out and what shall and shall not be done?

Mr. DUNNING: Absolutely.

Mr. LANDERYOU: And is it not the responsibility of this instrument we have created to carry out that policy?

Mr. DUNNING: Or to get out.

Mr. LANDERYOU: How are we going to get out of the mess we are in now, how are we going to reduce debt and taxation as long as we have a continuance of what I call this hoary fallacy under which we can secure money only from the pockets of the taxpayers? Is there no other way of raising money in this dominion except by debt and taxation?

Mr. DUNNING: That is right.

Mr. LANDERYOU: That is the only way the minister has. But how about the Liberal promise of issuing money and credit in terms of public need? All they do is borrow credit, and not in terms of public need. There is great need in this country of increased purchasing power. "Usury once in control will wreck any nation." That is the declaration of the Prime Minister (Mr. Mackenzie King).

The Prime Minister said:

Until the control of the issue of currency and credit is restored to government . . . all talk of sovereignty of parliament is idle and futile. To regain for the nation what has been lost and to secure a properly constituted national central bank will continue to be the first objective of Liberal effort.

Usury has a strangle hold on private citizens, on municipalities, on provincial governments and on this federal government. From thirty to fifty per cent of the revenues of municipalities and of provincial governments and of this federal government goes to meet debt charges on the obligations we have incurred in the seventy-two years since confederation.

The London chamber of commerce says in respect of usury:

Humanity can have good will and peace, but it cannot have usury and peace.

Martin Luther says:

Whosoever eats up, robs and steals the nourishment of another, commits as great a murder as he who carves a man or utterly undoes him. Such does a usurer, and he sits the while on his stool, when he ought rather to be hanging from the gallows.

That will be found in Elliott on Usury, at page 71. Calvin in English Economic History, Ashley, volume 2, at page 459, says:

For if we altogether condemn usuries we shall impose severer restrictions upon consciences than the Lord himself desired; while if we make the least concession, many will use it as a pretext, and will snatch at a bridleless licence, which can never afterward be checked by any moderation or exception.

I also quote this:

The laws of King Alfred, about 900 A.D., directed that the effects of money lenders upon usury should be forfeited to the king, their lands to the lords under whom they were held, and they should not be buried in consecrated ground.

By the laws of Edward the Confessor, about 1050 A.D., the usurer forfeited all his property and was declared an outlaw and banished from England. In the reign of Henry II, about the close of the twelfth century, the estates of usurers were forfeited at their death and their children were disinherited.

His successor, Richard I, was yet more severe, forbidding the usurers attending his coronation, nor would he protect them from mob violence.

During the thirteenth century the severities against the usurers were not relaxed. King John confiscated their gathered wealth without scruples.

In the fourteenth century, under the three Edwards, the taking of interest was an indictable offence and Edward III made it a capital crime.

Attorney General Noy, in the reign of James I, thought the taking of money by usury was no better than taking a man's life. He said, "Usurers are well ranked with murderers."

Aristotle in 350 B.C. said:

Usury is most reasonably detested, as the increases arise from the money itself and not by employing it to the purpose for which it was intended.

Cato the Second, at the time of these persecutions, was asked what he thought of usury, and he replied by asking the question: What do you think of murder? That will be found in Cicero de Officiis, Peabody, book 2, section 25.

In the English Economic History, by Ashley, in part I, at page 149, third edition, we find this:

Among the canons of the great Lateran council held by Alexander III in 1179, one ran as follows: "Since in almost every place the crime of usury has become so prevalent . . . we ordain that manifest usurers shall not be admitted to communion nor, if they die in their sin, receive christian burial, and that no priest shall accept their alms." . . . "The Pope in letters to the Archbishop of Salerno and the Bishop of Piacenza, had pronounced that usurers, and even the heirs of usurers, ought to be compelled to restore their unjust gains under similar penalties."

The same authority says:

It was at another great council, that of Lyons in 1274, that Gregory X ventured to make a fresh advance in both these directions. In one he ordains that "no community, corporation or individual should permit foreign usurers,"—local usurers seem to have been under control—"to hire houses, or indeed to dwell at all upon their land, but rather should expel them within three months;" and he forbids anyone to let houses to them.

And again:

The next canon ordained that the wills of unrepentant usurers, of usurers who did not make restitution, should be without validity.

And again, from the same authority:

"We therefore decree, with the approval of this sacred council of Vienne, that whatever authorities, captains, rectors, counsels, judges, councillors or any others presume to make in future any statutes, either that debtors shall pay usury, or, that a usurer is not bound to restitution, shall incur sentence of excommunication."

Shcaff-Herzog says, "All apostolic fathers condemned the taking of usury." The Encyclopedia of Religious Knowledge declares the same. Chrysostom said, "Nothing is baser in this world than usury, nothing more cruel."

Nehemiah rebuked nobles and rulers of Jerusalem for exacting usury. People had been forced to mortgage their land and vineyards and their houses to buy corn because of a dearth. Many had borrowed money to pay the king's tribute and found themselves with their sons and daughters brought into bondage. Chapter 5, verse 7, reads:

Then I consulted with myself, and I rebuked the nobles, and the rulers, and said unto them, "Ye exact usury, every one of his brothers. And I set a great assembly against them."

Also I quote Ezekiel, chapter 22, verses 12 and 13:

12. In thee have they taken gifts to shed blood; thou hast taken usury and increase, and thou hast greedily gained of thy neighbours by extortion, and hast forgotten me, saith the Lord God.

13. Behold, therefore I have smitten mine hand at thy dishonest gain which thou hast made, and at thy blood which hath been in the midst of thee.

And here in the Dominion of Canada people are losing their homes. The mayor of the city of Niagara Falls pleaded with the people to vote only for those candidates who would take steps to prevent the seizure of homes in the cities of this country. Hundreds of thousands of homes are in danger of being lost, and many have already been lost because of the usury we charge one another. The Liberal party said, "Usury once in control will wreck any nation," but they have done nothing to lessen the great burden of debt and taxation or the interest charges on private mortgages. They have done nothing to lessen municipal indebtedness or the indebtedness on provincial and federal obligations. On the contrary that burden is still increasing in Canada and the world over. No wonder that Arthur Kitson said of this gold debt-creating system that it is like a prison gate that only opens inward, and "its victims are permitted to enter but never to escape." He says:

Gold creates debts and then prevents men from settling them. It places mankind in perpetual bondage. It is a prison gate that only opens inward. Its victims are permitted to enter but never to escape.

Not only are the factors of well being and of progress rendered impotent by the gold standard but the factors of evil minister to its exploiters. Wars, state extravagance and political corruption all serve to build up this pyramid of irremedial debts which almost every nation is now adding to and upon which the gold octopus feeds.

Repudiation is inevitable. Let us clearly see this. It is not a threat. It is an inevitable result. It cannot be avoided. Nations must strangle this monster or it will strangle them. The gold debts of the world can never be redeemed. In vain men toil, in vain they produce, so long as this tapeworm of society exists. All our surplus wealth which should go to form a national store, all our surplus creations we must sacrifice. In vain science prosecutes her voyage of discovery and art labours to convert the discordant and hostile elements of nature into a system of usefulness and harmony. In vain temples of learning are reared and libraries founded. All these institutions, all these achievements that have for their object the advancement of learning

and the raising of labour to a higher state of efficiency serve but to strengthen this octopus and give it a firmer grasp and a stranglehold on society. The gold standard means inevitable war. Nations cannot possibly exist under it.

"The children born of it are fire and sword,
Red ruin and the breaking up of laws."

In New Zealand, it was stated I believe by the Prime Minister, that away back in 1879, in order to raise cash, the government had borrowed to the extent of £4,364,000, and fifty years later they owed £5,599,000. They had been paying interest on the original sum for over half a century, and they owed more at the end than at the beginning. I ask the Minister of Finance to tell the people of Canada, who are carrying this great burden of debt and taxation, just when he expects to lighten that burden, just when he expects to fulfil the promises of the Liberal party; to let them know, when we borrow this money, whether any reserve has been set aside to pay it off, whether he has any plan by which to pay it off, instead of keeping them in darkness and ignorance in regard to these money matters. As the hon. member for Vancouver-Burrard (Mr. McGeer) said, let us get out of this quagmire of financial ignorance. Surely there is some way, other than that of borrowing and increasing our debt burden, to solve the financial problems of this country.

Let the minister explain what are the fundamental policies which he and this government are pursuing. Let him explain how these policies are going to reduce and eventually pay off Canada's national debt. Let him tell us the methods by which he is pursuing these financial policies, who is responsible for those methods, and whether they are bringing the results that he expects. After all, we want to know what is the purpose of our financial policies, what eventually he hopes to achieve by pursuing the policies and methods which he is so anxious to defend.

I submit that the present financial system is responsible for the poverty, want and misery which abound in this country. We have developed this great nation over a period of seventy-two years; we have stretched ribbons of steel from coast to coast; we have founded great cities and institutions of learning and industry. Having thus carved an empire from this wilderness, why should we find ourselves burdened down with debt? The richer we get in real wealth the poorer we get financially. Why is it that, the easier we can manufacture goods because of technical advancement, the less purchasing power we have, the greater our debts and taxation? Is it not because prosperity is impossible without the creation of debt? This great country was built on debt. Is it not time that we

[Mr. Landeryou.]

began to reform the financial system which places these tremendous burdens on the people, and took steps to release them from that financial bondage? We are no better than the slave traders of old who sold people into physical slavery; for we have sold generations into financial bondage. The Hazard circular reads in part as follows:

Slavery is likely to be abolished by the war power and chattel slavery destroyed. This, I and my European friends are in favour of, for slavery is but the owning of labour, and carries with it the care of the labourer; while the European plan, led on by England, is capital's control of labour, by controlling wages. This can be done by controlling the money. The great debt that capitalists will see to it is made out of the war, must be used as a measure to control the volume of money. To accomplish this the bonds must be used as a banking basis. We are now waiting to get the secretary of the treasury to make this recommendation to Congress.

I notice that in other countries changes are being made in financial policies. W. T. Anderton, seconding the motion in reply to the speech from the throne in the New Zealand parliament, stated this, under "Financial Policy: Seddon's Ideals of State Money":

In his excellency's speech they found a reference to a change in the financial policy of the country. The wealth of the nation could be measured only by what the nation consumed. The late Mr. Richard John Seddon in 1900 said: "I am looking forward to the time when we shall get rid of this circumlocution by issuing state money against the people's production and thus obviate the payment of interest to the banks and, instead of going cap in hand, as we do now, to ask the banks to issue money to us—paper money, which is issued against something which the people, and not the banks, have produced—we shall issue our own money."

Issue it, not borrow it out of the taxpayers' pockets.

President Lincoln declared:

It is peculiarly the duty of the national government to save the treasury from payment of interest by securing to the people a uniform national currency and a sound circulating medium by furnishing a currency as safe as their own.

We should like to hear the Minister of Finance explain the policies of this government and the methods by which he intends to implement those policies, and tell us just what his objective is. I should also like to hear from the Conservative party, particularly from the leader of the opposition (Mr. Manion), who has declared that a certain official who was president of the Canadian National Railways did not understand the value of money. I should like that hon. member to give us a full explanation of the financial policies which he would pursue. He is very anxious to declare his policies in regard

to other matters; let us hear from him on this subject. He agrees that purchasing power is one of the greatest needs of the Canadian people. Let him declare the policy he would pursue to put purchasing power into their hands.

I hope also to hear from the Cooperative Commonwealth Federation party in respect to these matters. They advocate that we should control the means of production. I ask them this question: Granted that they have control and that they socialize the means of production, how are they going to distribute the goods without the money mechanism? Socialization of the means of production is not what the people of Canada want. What they want is the goods which industry produces. Let us socialize the products of the machine; for we know that there are all kinds of goods and services in this country awaiting buyers, and those buyers are short of purchasing power. Yet we talk about forcing our goods on foreign nations, and blasting our way into foreign markets, when we cannot distribute at home the wealth of goods and services which we can produce in our own country.

I am not going to be dogmatic or insistent with regard to this resolution. I plead with the Prime Minister and the Minister of Finance to consider the suggestions I have offered. If the Minister of Finance believes that the money involved, which is a matter of about $600,000,000 is too much; if he is afraid of the immediate effect of the issue of that amount, I am prepared to reduce it, and even to reduce it substantially. The minister is afraid of inflation, although he says that we control the currency and credit issue in this country day by day, week by week, and month by month. Surely there would be no difficulty in having the officials or instruments which we as a parliament have created develop some method of preventing inflation of credit on the part of the commercial banks, by increasing the reserves of the commercial banks in the central bank or by some other method. I plead with the government on behalf of the debt-ridden, poverty-stricken people of Canada to take immediate action to alleviate the tremendous burden of debt and taxation.

Hon. CHARLES A. DUNNING (Minister of Finance): I do not intend at the moment to reply at any length to the statements that have been made by hon. members, nor shall I deal in detail with what I conceive to be the proposal of the amendment. I think it important that an amendment should be in order, and in accordance with the rules of the house. I have no desire to avoid meeting, head on, the proposal that we should authorize a crude inflation to the extent of $600,000,000, which is approximately what is involved, as the hon. member for Calgary East (Mr. Landeryou) has just said, in the proposal contained in the amendment. I submit, however, that we should proceed in order.

The amendment reads:

> Provided that the loan authorized shall be reduced by an amount equal to that portion thereof representing all payments or redemptions mentioned in this resolution which can be made in Canadian funds, and provided further that the Bank of Canada be authorized to issue debt free a sufficient amount of currency to the government for such payments or redemptions.

I submit that the amendment is a substitution and is out of order, because it makes no provision whatsoever for that portion of the original resolution which reads, "and for public works and general purposes." Let me say that I am quite prepared, indeed pleased, to have this house, the members of which have now listened for four sessions to the advocacy of inflation by my hon. friends of the Social Credit party—

Mr. BLACKMORE: May I interrupt the hon. gentleman? We have not advocated inflation. I know that the minister would not wish to say something that is not true. At no time since coming to this house have we advocated inflation in any shape or form.

Mr. DUNNING: Well, let me put it this way. My hon. friends deny on all occasions that they advocate inflation, but they propose resolutions similar in terms to the one we now have before us, which does mean the issue of currency by the Bank of Canada to the extent of from $500,000,000 to $750,000,000 more currency than is now outstanding, which would mean an increase in the total currency available in this country of from two and a half to four and a half times. Now, my hon. friend says he does not advocate inflation.

Mr. BLACKMORE: Hear, hear.

Mr. DUNNING: I am unable to describe in any other terms action such as that contemplated by the amendment. In his address, the hon. member for Acadia (Mr. Quelch) described the manner in which the principle would work from the point of view of hon. gentlemen in the corner, and I gathered from him that all taxation is to be abolished, that it is wrong for governments to tax. Then he proceeds to tell us where the money would come from to carry on the essential services of government. Whenever the government needed money it would print some more.

Mr. QUELCH: I did not say that there would be no taxation, but that there would be no increase in taxation.

Mr. DUNNING: I will look up *Hansard*. At any rate, in order to carry out my hon. friend's ideas logically, taxation ought to be abolished altogether; because if you can safely print unlimited sums of money, and the government has the power to do so, why not print enough instead of bothering to tax people?

Mr. LANDERYOU: I suggest that the minister read *Hansard* to find out what was said.

Mr. DUNNING: I was following the hon. member for Acadia a little further in order to demonstrate the accuracy of my statement of his policy. He says that the government should print enough money—

Mr. QUELCH: I did not say print money—

Some hon. MEMBERS: Sit down.

Some hon. MEMBERS: Order.

The CHAIRMAN: Is the hon. member rising to a point of order?

Mr. QUELCH: Yes.

The CHAIRMAN: Then I would ask him to state the point of order.

Mr. QUELCH: The minister is putting into my mouth words I never used.

Mr. DUNNING: It may be a confusion of terms, but I am in the judgment of the committee whether my hon. friends, all of them, who steadily and consistently advocate what they describe as the issuing by the government of purchasing power—

Some hon. MEMBERS: Hear, hear.

Mr. DUNNING: Hon. gentlemen say, "Hear, hear." Well, I do not know any other form of purchasing power than that which is expressed in terms of money or of credit. Why get angry because I say that hon. gentlemen want the government to print more money? It seems to me that is the only, the easy and simple way of carrying out what they advocate; and as a matter of fact the amendment now before the committee provides for precisely that being done by the Bank of Canada. And it must be debt free. I asked my hon. friend from Acadia when he was speaking a question or two that brought out this view from the Social Credit party: that they recognize that such a policy would involve too much money getting into circulation, too great a possibility thereby of the evils of inflation which I have described in this house more than once. Then my hon. friend went on to describe the means whereby the Social Credit party would prevent that happening. I asked the question whether the term debt free money really meant interest free money or money which did not have to be repaid, either principal or interest, and the answer was "both." That is to say, any money emitted—I will not say printed because he will say that he did not say that; but any money emitted or issued under this social credit scheme might conceivably be too much. It would be issued without the obligation on anyone's part ever to give value for it; and the means of taking it out of existence, should there be too much of it, as stated by my hon. friend from Acadia, would be to tax it out of existence.

Mr. QUELCH: The just price factor would automatically absorb surplus effective demand.

Mr. DUNNING: Following a dollar bill issued by the Bank of Canada, you must recognize that if the currency of this country is to have a consistent and steady buying value, that dollar bill cannot be put out of existence without someone supplying a dollar's worth of value for it. The assumption inherent in the thinking of so many, that the government can issue money and have it perform its function, and by and by, when it comes back to the Bank of Canada, it can be destroyed without hurting anyone, is all nonsense, because the last man who held that bill and paid it into the Bank of Canada would be entitled to one dollar's worth of value from the Bank of Canada for it. There is no escape from that.

Mr. QUELCH: May I ask—

Some hon. MEMBERS: Order.

Some hon. MEMBERS: Sit down.

Mr. QUELCH: I have asked the minister several questions but he will not answer one.

Mr. DUNNING: We are in committee and I expect, judging by the indications, that we shall remain in committee for a long time on this matter. My hon. friends in the corner can speak as many times as they like, and doubtless they will. What I have just said stands, that when the government of this country through its central bank issues a dollar bill, that dollar bill cannot go out of existence without the last holder of it receiving credit for its full value. My hon. friend himself recognized that principle when he said that excess currency, if it existed, would have to be taxed out of existence.

Mr. QUELCH: Provided it became surplus to physical demand.

Mr. DUNNING: Provided it became surplus to physical demand, whatever that means. I would put it in this way: provided the effects of inflation, which have been the same from time immemorial, become evident; then the remedy would be to impose taxation to take out of circulation a sufficient sum of money to bring matters once more to an even keel. That is the principle we are asked to adopt. But no information is given as to how that taxation is to be levied, how it is to fall equally on the just and the unjust; we are simply told that there is too much money in circulation and consequently we have the evil effects of inflation,—undue rise of prices, speculation, gambling, which throughout history have always resulted from too great an emission of money by the ruling authority. My hon. friends acknowledge it by what they say as to providing the machinery to control it—they say they will tax the excess out of existence.

Mr. MacNICOL: And burn the bills.

Mr. DUNNING: Yes, burn the bills.

Mr. JAQUES: What about deflation?

Mr. DUNNING: That would be the rankest kind of deflation, which always follows excessive inflation.

Mr. JAQUES: We have had it for ten years.

Mr. DUNNING: My hon. friends provide for both. In effect they say we must have a system of inflation, but we recognize that inflation brings certain evils, therefore we must provide in advance for a method whereby we can deflate the inflation which we have brought about.

Mr. JAQUES: You brought it about. We have had it for ten years.

Mr. DUNNING: And we are told that that is to be an improvement on what we have.

Some hon. MEMBERS: Oh, oh.

Mr. DUNNING: Could we have a little order? I listened very patiently to lengthy extracts read by the hon. member for Calgary East (Mr. Landeryou). I did not interrupt except to ask a question when the hon. member permitted it.

Mr. QUELCH: You will not even permit a question.

The CHAIRMAN: Order. I must insist on order in the committee. The disturbance is coming largely from the Social Credit quarter of the house. I ask hon. members to assist the chair in keeping order by obeying the rules.

Mr. DUNNING: Well, Mr. Chairman, we are in committee; the discussion will continue. I shall not attempt to make any longer statement just now, but I wanted to touch the high spots of the proposal. I think the committee can see it. It is a proposal to inflate the volume of existing currency two and a half to four and a half times its present volume, and to use that currency to pay off the obligations of the dominion as they mature within the next two years. That in my judgment is absolutely uncontrolled inflation of the crudest possible variety. In my judgment it would ruin the credit of this dominion, would bring misery and suffering, particularly to our poorest people, would give opportunities to the speculatively minded to make and lose fortunes, would bring about precisely what has happened all through history whenever that kind of thing has been tried, whether by kings of old or in more recent years in some of the countries of Europe. It seems a pity that each succeeding generation has to learn the lesson afresh. It is indeed bitter experience. We do not find similar measures being proposed in any country which has had recent experience of them.

For the moment I shall confine myself to questioning the order of the amendment, in that it changes completely the scheme of the original resolution. I do not deny that my hon. friend can alter his amendment and put it in order, and I shall be glad to have him do so; or he can withdraw it, as he wishes.

Mr. LANDERYOU: I should like to have it redrafted in proper form, and it can then be presented.

Mr. DUNNING: Very well. I should like this committee to go on record in this matter. We want to make known to the people of Canada and the people of the world whether we want to embark on crude and uncontrolled inflation, or whether we will maintain that measure of scientific control which has been made possible by the creation of the Bank of Canada and by the various statutes of this country dealing with the control of currency and credit. I said last year that in my opinion we have now under our present statutes an ample measure of control of currency and credit. The only question is, and it is a difficult and serious one: How shall we use the degree of control which we have, from day to day, from week to week, from month to month? We take the view that the control must be used carefully, having regard at all times to one interest only, the best interest of all the people of Canada; taking into account all the various conditions which must be con-

sidered in connection with this most difficult question of control of currency and credit. It is more difficult to-day as a world question than it has ever been before, because of the abandonment by most of the nations of the world of that standard which rendered things a great deal easier to manage during a long period of years. We have now, as I said the other day, management of credit and currency in all countries, not by an agreed-upon gold standard, but management by men's minds, by the thinking of those who are placed in control of credit and currency. The standard which worked for so many years of agreed-upon international value for gold is for the time being suspended, therefore we have the variable factor that in each country groups of men entrusted by government with the task are endeavouring to manage their credit and currency in the interests of their own people. Under these circumstances how much greater is the difficulty of bringing about that international understanding which makes trade relations between nations possible and sound.

I say again, as I said the other day, that for Canada—fourth exporting nation in the world, fifth in total trade in the world, with the relations which she must have with other countries—for Canada to embark on uncontrolled inflation of credit or currency or both, would in my opinion be national suicide.

Mr. BLACKMORE: Mr. Chairman—

The CHAIRMAN: I think in order to keep the record clear, as this amendment has not been read from the chair, I shall read it now. It was moved by Mr. Landeryou, seconded by Mr. Elliott (Kindersley)—and I may say it does not require seconding:

That the resolution be amended as follows:

"Provided that the loan authorized shall be reduced by an amount equal to that portion thereof representing all payments or redemptions mentioned in this resolution which can be made in Canadian funds, and provided further that the Bank of Canada be authorized to issue debt free a sufficient amount of currency to the government for such payments or redemptions."

Do any other hon. members wish to speak to the point of order?

Mr. BLACKMORE: Are we going on with the discussion, or not?

The CHAIRMAN: On the point of order. First I draw the attention of the committee to the terms of the resolution. It reads:

Resolved, that the governor in council be authorized to raise by way of loan under the Consolidated Revenue and Audit Act, 1931, an amount not to exceed in the whole the sum of seven hundred and fifty million dollars for paying or redeeming the whole or any portion

of loans or obligations of Canada, and also for purchasing and withdrawing from circulation unmatured securities of Canada, and for public works and general purposes.

I quote from May, page 544:

Proposals for the variation or modification of taxation can therefore be made in the committee; but these proposals must be granted upon the financial scheme submitted by the government, and must not affect the balance of ways and means voted for the service of the year.

In my opinion the amendment is out of order.

Mr. J. H. BLACKMORE (Lethbridge): Is it in order now, Mr. Chairman, to discuss the main motion?

The CHAIRMAN: The hon. member proposes to speak on the main motion?

Mr. BLACKMORE: Yes; I should like to make a few remarks while the hon. member for Calgary East is redrafting his amendment. I am not sure, but it looks as though after three and a half years this is to be the first time we have really been able to come to grips; and, Mr. Chairman, may I say that if we all play the rules and keep our heads we may get quite a little way with this discussion.

In the first place I wish to point out one or two things as we see them. The Minister of Finance insists on declaring on every occasion that the Social Credit party advocates inflation. I say we do not.

Some hon. MEMBERS: What is it?

Mr. BLACKMORE: Manifestly the first thing to do is to define "inflation," because I believe there exists in this parliament and throughout the dominion the wildest degree of uncertainty, inaccuracy of information and, I may say, prejudice concerning the word. What is inflation? Not only is it inflation; it is called crude inflation, though not one member from this group has ever advocated either inflation or crude inflation. Time and again the minister has also used the words "uncontrolled inflation." One cannot advocate the creation of ten dollars of dominion money without its being called uncontrolled inflation, crude inflation or simply inflation. What contemptible piffle! All one needs to do is recall that between 1915 and 1917 the Dominion of Canada printed $26,000,000 of bills, of which $10,000,000 had nothing behind it and $16,000,000 had only worthless railway securities behind it. Apparently those bills were used for government purposes, and they did not cause inflation or disturb the exchanges. They were sound money then, and they have been sound money ever since. All one needs to do is remember that fact to see how absurd are some of these contentions, when people

call any issue of government money inflation, crude inflation or uncontrolled inflation. So I hope we shall not have to spend any more time talking about inflation, crude inflation or uncontrolled inflation, because this group advocates none of the three.

There is one other point I wish to get quite clear. As far as I can remember, never since we came to this house have we refused to answer a question which has been put to us.

Mr. McLEAN (Melfort): Yes, you have, many times.

Mr. BLACKMORE: I can say that personally I have never done so; I defy any member of the house to point to any occasion when I refused. Time and again I have tried to secure the privilege of asking a question in order to correct a false impression which was being created in the course of a speech; in over half of the cases I have been refused, many times with insults from the opposite side. I just ask if that is what they consider fair play. We will permit any number of questions and try to answer them. If we cannot answer them, it is evident that we simply do not know the answers, but we should like the privilege of asking questions in turn. If we are to be denied that privilege, let it be known; let the country know that here is a group that is not allowed the privilege of asking questions. We are supposed to be ignoramuses; we are not supposed to know what we are talking about. Why be afraid of answering any questions that we can devise?

Now I am going to spend a few moments on the subject of inflation. What is inflation? I am going to quote two authorities in that regard, and I think it will take a good deal to explain them away. Before I do so, however, let me say this: You do not have inflation in a country until you have more money coming into the markets of that country to buy than there are goods and services to be bought with that money, without a rise in prices.

Mr. EVANS: What are you going to do with all your wheat?

Mr. BLACKMORE: One thing at a time, please. That is a definition of inflation; just as soon as you get more money in circulation than you have goods and services to be bought with that money, without a rise in prices, then you have inflation. It matters not whether the government creates that money, whether a banker creates it, or whether it comes in from outside the country. Let us get that laid down solidly as a fundamental principle.

Before I quote the authorities I mentioned a moment ago, I should like to point out something in which I believe all hon. members will be interested. On November 13, 1933, the hon. member for St. Lawrence-St. George (Mr. Cahan) delivered a speech in Toronto, of which I have a copy in my hand. One thing he said has a bearing on this subject. In the course of his remarks the hon. member made clear to his audience that between 1929 and 1933 the banking fraternity in the Dominion of Canada withdrew from circulation some $932,000,000. There is no question that this was a most colossal deflation. The people after that were without the money that was necessary to carry on business, and as a result prices fell and disaster reigned generally throughout the country. But, according to the definition of inflation which apparently is in the minds of most hon. members, if the government of the day had undertaken to put $100,000,000 of that huge amount back into circulation it would have been inflation, crude inflation, uncontrolled inflation. What nonsense!

Mr. DUNNING: No; that is not so at all.

Mr. BLACKMORE: I am glad to hear it is not so; we will have a discussion on that later on.

I quote these facts so that we may come to grips with the problem in a general way. It is not likely, Mr. Chairman, that a whole province of this dominion would go completely crazy over an idea so fallacious as the Minister of Finance would lead us to suppose this is.

Mr. MARTIN: The province has not, but its politicians have.

Mr. BLACKMORE: In all probability it will be found that the people of Alberta could give some very good reasons for the hope that is within them.

Now, first of all, with respect to inflation I am going to quote a passage from Planned Money by Sir Basil P. Blackett, published in 1932. This very short quotation appears at page 106. I would ask hon. members to note it carefully:

> The right amount of currency in circulation at any given moment is that amount which will do the work required of it at a given level of prices. If it is too much, prices will rise. If it is too little, they will fall.
>
> The minute you get more money in circulation, let me repeat, than enough to do the work of distributing goods and services which are abroad in a country to be distributed, then you have inflation, and not a minute before.

Mr. DUNNING: That is correct.

Mr. BLACKMORE: It matters not who creates the money, or where it comes from. This idea of trying to foist upon the people of this country and the world the idea that a dollar of dominion money backed by the credit of this dominion is inflation, while a dollar created by the most insignificant bank manager is sound money, is nonsense in the highest degree.

I shall quote another statement by a man who surely is respected in his country—whether in this country, or not. I refer to Senator Owen, who is prominent in monetary affairs in the United States. His ideas are not entirely popular, but neither were the ideas of the great inventors, the great reformers or the great leaders of times past in other great movements. But they were right, just the same. Here is what Senator Owen said when giving evidence on June 9, 1937 before a committee of the United States senate in connection with a discussion on "Farm Commodity Prices":

> Inflation does not occur until maximum employment and production is achieved. If it should occur, the volume of money could be immediately reduced by selling bonds, by sales tax and other taxes, and retiring such excess money from circulation.

I ask any hon. member of the house: After the $932,000,000 was withdrawn from circulation in Canada, do you suppose there was enough money in the country to do the business of the country? Certainly not. The government at that time could easily have created money and put it into circulation without getting into circulation more than enough money to do the business of the country. That is abundantly clear. Never from that day to this has there been a sufficient restoration of the money that was withdrawn in those four years—never yet. Until enough money is restored to circulation you cannot speak of inflation with any degree of understanding or sincerity.

Mr. DUNNING: Will my hon. friend permit an interruption?

Mr. BLACKMORE: Yes.

Mr. DUNNING: I know he does not wish to create a wrong impression. There never was $932,000,000 withdrawn from circulation. The hon. member's words would bear that interpretation. There never has been that much money in circulation. My hon. friend's last words would leave the impression that it was actual cash money to which he was referring, whereas it was really credit, not cash, to which he referred.

Mr. BLACKMORE: Has the minister finished?

Mr. DUNNING: Yes.

Mr. BLACKMORE: Yes, I grant that,—and that is just the sort of question and answer I welcome. I shall gladly answer questions from hon. members. It has been the contention of this group steadily that purchasing power is of two kinds, both currency and credit. So far as its ability to buy and do other work is concerned, I think my hon. friend will admit that every dollar of the $932,000,000 could do just as much work as a dollar bill. The result was that when that credit was withdrawn the country was short of money, just as definitely as though it had been dollar bills. I am glad the minister raised that point, and let me get it straight.

Now, dollar bills might be replaced by either credit or currency. The minister made much of a further point—and he is sincere when he makes a statement. I am just as sincere when I say he is wrong. The clash between the two of us on the issue is there, and perfectly honestly. He says that when one dollar is drawn from circulation somebody has to pay for it. We do not doubt that. Every dollar he withdraws by taxation now somebody has to pay for. Surely. But if the dollar he withdraws from taxation happens to have been borrowed out of a bank, and then withdrawn by him through taxation, there are at least two people paying that dollar, the man who has to pay it back to the bank and the man who has to pay it in to the government. There is no escaping the truth of that statement.

There are a great many people in the country who have the idea that you cannot have a dollar unless it is a debt dollar. I ask any hon. member: What about that $26,000,000 that Canada created? Was that debt money? Did anybody do anything for that money? Did it cost this dominion one cent? Was it paid back? The answer in every single case must be no. There was some debt free money and there was some interest free money, beyond any question.

The minister implied that every time in the world's history a government has issued money it has gone awry. He did not use those words and, while I do not wish to overstate what he has said, yet on the other hand wish to be perfectly honest, I believe I have interpreted him correctly. His implication was that whenever a government has created and used state money we have had crude or uncontrolled inflation and disastrous consequences.

Mr. DUNNING: Yes, if to excess.

Mr. BLACKMORE: I have in my hand what I believe is an authentic book which deals with the situation in Guernsey Island. In 1905 the people of that island had in circulation £41,318 of notes on which they were paying no interest. That information is given at page 60 of this book by J. Theodore Harris, entitled An Example of Communal Currency. The book is written in scholarly fashion, and the references are to authentic documents to be found on file in the archives of Guernsey island. There was a case of state money which was debt free and interest free, and is today interest free.

This much has been said in an effort to clear the air and to get together on certain matters. I know there is great suspicion in the minds of hon. members concerning our understanding of money. I hasten to urge upon them that men of the type who have led the movement in Alberta were not going to "jump off the deep end" without taking care to examine where they were going. If hon. members knew better about those people, they would not be so sceptical. We are not asking anyone to accept our opinions without a struggle. We are here to make the struggle, in good part, honestly, straightforwardly, man to man.

So much having been said, I can say that ever since we have come here we have been trying to place our views before the house. As I have said, we have been treated with a great deal of courtesy—much more than we expected. We want to be courteous, and to continue to be courteous and to be good friends, because we are all Canadians, and interested in the welfare of our children and our children's children.

Let me say once more that we are going to lay further details of this system before the house this year, frankly and straightforwardly, and we shall be ready to give and take and to answer any questions that are asked honestly and straightforwardly.

In a general way let me lay down this principle. The state can to a certain extent create money, and it will be safe money. But it cannot create money to the point at which it is getting more money into circulation than goods and services and the productive and consumptive power of the state will justify. The Guernsey island experiment is a good example of that. After twenty years of a most illuminating experience with state money, they discovered that that little island, nine and a quarter miles long and five and a quarter miles wide, roughly triangular in shape, could support £90,000 of money.

Mr. DUNNING: Just as we found we could support two hundred and seventy millions of dollars. That is monetary management.

Mr. BLACKMORE: Quite so, and the question then at issue between us would be: Shall the banker create all that money and own it and make us pay interest on it, or shall we own it, and make him pay interest on it if anybody has to pay interest.

Mr. DUNNING: That is not reasonable. When I mentioned the two hundred and seventy millions of currency presently outstanding, it was issued by the Bank of Canada which is owned by the government and controlled by parliament; and whereas that issue was two hundred million dollars three years ago, it is now two hundred and seventy million dollars. I do not say for one moment, because that issue of currency has grown by seventy million dollars in three years, that that is inflation. That is management, management in accordance with the demonstrated needs of the country from time to time. The difference is between management and uncontrolled inflation—that is all.

Mr. BLACKMORE: Following up what the minister has just said, I should like to know this: Did that seventy million dollars come into the possession of the Dominion of Canada as debt-free money, or was it created by the bank with power to lend it to somebody, so that in effect it belonged to the bank? For instance, can the Dominion of Canada get ten million dollars of that money to run dominion affairs without going into debt for it?

Mr. DUNNING: We go into debt to our own bank, of course.

Mr. BLACKMORE: That is the principle to which I object. The Guernsey island people did not do that. I shall speak further of that experiment when I have a little more time, and it will likely be in this debate. The first move of the Guernsey island people was to create three thousand one-pound notes, and with those build a market house. Then it collected the three thousand one-pound notes as yearly dues on the market place, and no one owed anybody for the money. The state created it and the state spent it.

Mr. DUNNING: And the taxpayers paid it back.

Mr. BLACKMORE: Surely. Very fine. But the difficulty is that if Canada had been doing that, Canada would have borrowed the three thousand pounds from a banker and then would have taxed the people enough to pay it all back to the banker, and to pay the interest on it as well, and still the people and the government would have owed the bank the three thousand pounds. That is exactly where the difference lies. I think that is quite clear

Without discussing money further now, I am going to say a word or two about the debt situation in Canada. I expected to say something about that, but I was not quite sure whether I would be allowed to speak on it. Until recently I thought I knew a little about the rules of the house, but now I find I know practically nothing about them.

Mr. LAPOINTE (Quebec East): Why not wait for the budget debate?

Mr. BLACKMORE: Then we would not have time to discuss this matter. I may seem over-earnest in discussing money, but it is the most important thing that you can discuss to-day; for this proposal will work out a solution of your problems, which otherwise are unsolvable. To relegate the discussion of this vitally important matter to some little corner does not appeal to us as common sense. Let me say that we have deliberately refrained from participating in many of the discussions of this house so that in the time which might justly be allowed to us we could set forth the message that we came here to deliver. All we want is an opportunity to set it forth and an attentive, patient hearing such as we give to those who are speaking of other matters.

Now just a word about Canada's debt.

Mr. LAWSON: Before my hon. friend goes to debt—

An hon. MEMBER: Goes into debt.

Mr. LAWSON: Before my hon. friend goes into the subject of debt, may I ask him this question? If he were putting into effect in Canada a new monetary system along the lines he is advocating, would it still be a principle of that system that I could go to a clearing house or some other institution and obtain there a credit which I, in turn, could use for the purpose of acquiring goods without my giving to that institution, in exchange for that credit, either goods or services or a promise to deliver goods or services at some future date? I ask that sincerely because I am anxious to understand.

Mr. BLACKMORE: That, of course, is a sincere question. In order to be able to understand it, I must first lay down this principle, that social credit has two great objectives in the financial system. The first one of these is to see to it that there is adequate production of all kinds, sufficient to the needs of all the people of Canada. The second of these is to bring about consumption. The money which is advanced for production goes, as it does to-day, in the form of a debt, and it must be repaid.

Mr. LAWSON: If my hon. friend will permit me, is it not conceded by all people that we have all the production that we can possibly need in Canada, and that our need is not greater production but the power to consume what we are producing and an equitable distribution of the profits of that production? I am trying to follow the hon. member.

Mr. BLACKMORE: Yes, but the reason I stated that principle first for my hon. friend is that if we said, first of all, that we will issue money for consumption, then we would be met at once by the very thing that popped up when we first came to parliament, when an hon. member who is now in the chamber said: We cannot produce enough.

An hon. MEMBER: Still true.

Mr. BLACKMORE: There, do you hear that? You see how it directly opposes what the hon. member for York South (Mr. Lawson) said. So we say the first thing is to make sure that you will have all of the production that all of your people can use in so far as your resources and the industrial equipment which you possess can produce that abundance; and you govern that by lending, perhaps at two per cent or one and a half per cent interest, whatever amount is necessary to bring down the cost of production where it ought to be, instead of where it is to-day. That is the first principle to be grasped. That money continues to go out as a debt; but still, so far as the government is concerned, it is not a debt. That is, the government does not borrow it from anyone, does not owe anyone for it.

Some people may say: We do not understand that. Perhaps in this very discussion I will bring to the attention of the committee the treasury note, the Bradbury, in England, and will point out the way in which the British people managed to get into circulation over three hundred million pounds of paper that did not cost the British treasury one cent beyond the cost of printing the notes.

Mr. McLEAN (Melfort): Would the hon. member permit a question?

Mr. BLACKMORE: Certainly.

Mr. McLEAN (Melfort): I would ask the hon. member if he has answered the question put by the hon. member for York South in the affirmative or in the negative.

Mr. BLACKMORE: Just as soon as we can get to it. Let us not rush along. As the hon. member for Acadia (Mr. Quelch) so well pointed out, the social credit concept is this. There is at the present time in our financial and productive system a deficiency of purchas-

ing power. This is well illustrated by the figures which record United States production and income in 1918. In that year, as is shown in Income of the United States, volume 2, pages 242 to 248, there were sixty billion dollars' worth of consumers' goods produced, and into the hands of the consumers in wages, salaries, dividends, bonuses and every other form of purchasing power, there went only forty-five billion dollars. The result was that there were fifteen billion dollars' worth of consumers' goods which there was no purchasing power in the hands of the people to buy. The result was that either the goods had to be sold on time or credit, putting the people of the United States into debt, or they had to be sold to foreign nations, putting them into debt. That is the very principle about which the hon. member for Acadia was talking a few minutes ago. It was considered sound finance for the government of the United States to advance credits to foreign countries—let us say, for fifteen billion dollars, although of course that is too much—to let them buy those goods on time; but to advance the credit to their own people has never yet entered their minds.

Mr. LAWSON: If my hon. friend will pardon me—I know what he is telling us, because I have taken the trouble to try to make a study of the social credit system—if the United States lends money to a foreign nation it gets that nation's promise to pay, be it good, bad or indifferent, and that is in effect a promise to deliver future goods and services. If the social credit monetary system is put into effect, do I understand that the hon. member advocates the advance of credit—which according to him is as good as money—to people without those people in turn delivering, in exchange for that credit, goods or services, or without their promise to deliver at some future time goods or services?

Mr. BLACKMORE: We are coming right to the answer.

An hon. MEMBER: You are a long time coming.

Mr. BLACKMORE: Well, I may have to be.

Mr. LAWSON: Not for me.

Mr. BLACKMORE: It so happens that the hon. member for York South is a little keener than a good many other hon. members. I have had some experience with some of them. I come now to the direct answer to my hon. friend's question. Suppose we keep in mind the situation in the United States. If the United States, with sixty billion dollars' worth of consumers' goods in 1918, realizing it has only forty-five billion dollars with which to buy the goods, wishes to balance its economy to enable its producers to sell their goods, what must it do?

Mr. LAWSON: Issue more medium of exchange.

Mr. BLACKMORE: Now we are on the right track. Exactly. That is the social credit contention. Just as an illustration, let me come back to Canada and the twenty-six million dollars.

Mr. MacNICOL: A minute ago the hon. member said "billions," and now he says "millions."

Mr. BLACKMORE: If I made a slip I stand corrected. I am listening to all these questions at the same time and trying to get through a speech.

An hon. MEMBER: We are trying to follow you.

Mr. BLACKMORE: That is all right. We will get there. At least I hope so, in the interests of Canada and the British empire. When Canada created that twenty-six million dollars, was it necessary that that money should be lent out only to somebody who agreed to pay it back, or could it have been used to pay soldiers' pensions or widows' pensions or pensions for the blind or the aged? There is no conceivable reason why it could not have been used as a gift to the people. It would have been just as good, just as sound money.

Mr. LAWSON: Oh, yes, but—if my hon. friend will pardon me—surely he will agree with me that if we take this money or currency or credit and use it as a gift to somebody, that simply means that we are arbitrarily taking from somebody else something which is theirs in order to give it to another class.

An hon. MEMBER: Not necessarily.

Mr. LAWSON: We are redistributing goods and services without something being given in exchange.

Mr. BLACKMORE: Let us keep right to the point. I appreciate greatly the interest; that is what we want. I want to answer the first question, and I am going to put the matter straightforwardly. I say unqualifiedly, yes, the government will create the purchasing power which is necessary to market this fifteen billion dollars' worth of goods in the United States. It will distribute that purchasing power to the people, who will buy the goods, and thereby enable the producers

to have a market and assist their economy to go forward, and equate consumption with production.

Mr. LAWSON: Without the people who receive it giving goods or services in return?

Mr. BLACKMORE: Yes, unquestionably.

Mr. DUNNING: I cannot quite hear.

Mr. LAWSON: The answer is. "yes, unquestionably."

Mr. DUNNING: The money would be given without any return?

Mr. LAWSON: Without goods or services?

Mr. BLACKMORE: In a way it seems queer. This is new to us, I know; but Mr. Chairman, I ask you, can we expect a new system which will solve our problems to be devoid of something which is new and strange to us? Everything else about us is new and strange; why shall we not expect the solution of our problems to involve and embody principles which are new and strange?

Mr. POULIOT: If my hon. friend permits me, we all admire his system, but what we want to know is how it will work.

Mr. BLACKMORE: May I go back to the question of the hon. member for York South? I had not expected to talk along this line, so I am speaking quite extemporaneously. I trust I do not make a slip which will be reported in *Hansard,* it is easy to do so when one is speaking extemporaneously.

Mr. LAWSON: The hon. member is making himself perfectly clear.

Mr. BLACKMORE: I want to make myself perfectly clear. I think I can do so without making statements which can be distorted. But I am anxious to make myself clear at this point although just now I had not been thinking it through. I have gone through it scores of times, but not upon the floor of the house before such an interested audience.

As the hon. member for Acadia pointed out, what did Great Britain do? She advanced millions of pounds on credit so that she could sell her goods, and she thought it was good business. She lost money.

Mr. DUNNING: But she had the promise to pay.

Mr. LAWSON: She got in exchange the promise to deliver goods and services of an equivalent value in the future.

Mr. BLACKMORE: She got nothing for the promises. But she was not ruined. What she got was a market.

[Mr. Blackmore.]

Mr. DUNNING: She got or expected to get her money back.

Mr. BLACKMORE: They could not pay. As the hon. member for Acadia pointed out, they have never paid. There has been lost perhaps as much as £4,000,000,000, which has never been paid.

Mr. DUNNING: Those are losses over a long period.

Mr. BLACKMORE: Exactly. But the money never came back.

Mr. DUNNING: Not that particular money. But other money did.

Mr. BLACKMORE: Perhaps, but a great deal has not come back. To continue point by point; this is a new idea; we grant that. I wonder if I have answered the hon. member for York South?

Mr. LAWSON: You have answered my original question completely, in the affirmative.

Mr. BLACKMORE: Now we are dealing with the logicality of the proposal. Is it logical; is it sensible to give money to people to buy with? That is the next question. Let us refer to the fifteen billion dollars of surplus goods. Is it logical to let fifteen billion dollars' worth of goods be destroyed?

An hon. MEMBER: No.

Mr. BLACKMORE: Is it logical to let those goods stay on the shelves until they decay? Is it logical to let the factories which produced them close up and to turn men out of work so that they can no longer produce goods?

Mr. POOLE: Monetize the goods.

Mr. BLACKMORE: Is it logical to issue millions of dollars of debt which will never be paid? That is what we are doing. Is it logical to engage in a trade war with other countries, trying to elbow other countries out of foreign markets so that we can sell our goods, against—for instance—the competition of the United States, thereby engaging in an international trade war which may ultimately lead to armed conflict? These are things which have been done up to the present time. Social crediters say that such foolish and wasteful practices are all absolutely illogical, absolutely insane, and that they must be changed. What the United States needed above all other things, when they had sixty billion dollars' worth of goods and only forty-five billion dollars' worth of purchasing power, was another fifteen billion dollars' worth of purchasing power, fifteen billion dollars' worth of markets whereby those goods could be put

into the hands of the people. The thing we are suffering from is simply this, that after we have installed the machine to produce shoes, for example, without the use of manpower, the men who are displaced are unable to obtain shoes. We cannot get the shoes into the hands of the poor fellows who, because they have been displaced, are unable to earn wages.

Mr. LAWSON: It is easy to get the shoes into their hands. All you have to do is give it to them, and that is more simple than the hon. member's scheme. What I say sincerely is that, having tried to study his scheme, I have come to the conclusion that that is exactly what he proposes to accomplish, namely, to give the shoes away for nothing. They give nothing in exchange. They do not give any goods or services in exchange, and if they do not, what are they going to give?

Mr. BLACKMORE: In exchange, they are giving consumption. Men are coming to realize that a person who can consume is an asset to a country. Let any agent to-day, representing any company, go out and try to sell his product. What is the first thing he does in the community in which he is trying to promote sales? He looks for men who might be able to buy.

Mr. LAWSON: Effective buyers; that is, those who have something to give in exchange.

Mr. POOLE: That is why we need purchasing power.

Mr. LAWSON: But when someone is not an effective buyer and consumes anyway, he is not an asset but a liability.

Mr. BLACKMORE: Let us study the question calmly—

Mr. LAWSON: I did not mean to interrupt the hon. gentleman.

Mr. BLACKMORE: We welcome interruptions. That is what we want. Let us take the questions point by point, answering one at a time even if we have to stay here all night—because we can answer all these questions.

Mr. McLEAN (Melfort): What about the resolution?

Mr. BLACKMORE: Suppose the dominion government creates a five dollar bill and puts it into the hands of a widow, enabling her to buy a pair of shoes. The government is not exactly compelling the shoe factory to give her a pair of shoes.

Mr. LAWSON: But we are making the people of Canada give it to her, the people from whom we take five dollars by way of taxation.

Mr. BLACKMORE: You are not making the people of Canada give it so long as you have not created more purchasing power than there are goods and services to justify the giving of that five dollars.

Mr. LAWSON: I cannot agree with your premise.

Mr. BLACKMORE: It is true whether you agree with it or not. When you have in the United States $15,000,000,000 worth of consumers' goods which you cannot sell, those goods are a justification for the creation of more money, and the state can create more money up to the extent to which it can enable the people to consume or distribute the $15,000,000,000 worth of goods. And there will not be any inflation, according to the definitions of that word which I have read from Sir Basil Blackett. If there is no inflation you take nothing from the people because there is no rise in prices as a result of which there is any indirect taxation. If new money results in a rise in prices, creating an indirect tax, then you are taking something from the people. But if you create a new dollar bill, which does not cause inflation, and put it into the hands of a person who has to consume, you have created a market in your own country and distributed the product in your own country, and you have blessed both your own consumers and your own producers.

Mr. DUNNING: Then why should anyone work if he can get something without working? Why should any man work if he can get purchasing power for what he needs without having to go to work? And what would happen to production if everybody said, "There is no need to work because we can get purchasing power without doing so?"

Mr. BLACKMORE: That is an excellent question.

An hon. MEMBER: Answer it.

Mr. BLACKMORE: Hon. members will notice that we have changed our point of discussion from inflation to an altogether different aspect of the subject.

Mr. LAWSON: I was never on inflation; that is not a bugbear to me.

Mr. BLACKMORE: Now we are on the question, how to get the people to work under the system that we propose. My time has already gone, and the chairman has been considerate enough to give me some latitude. I must hurry. That is a legitimate question and it must be answered. Suppose the government gave $25 a month to everyone—I mention that figure because everyone hears about $25 to-day—and that there were jobs

to be had. Now take any young couple, a married couple, say. The young woman gets $25 and her husband gets $25.

Mr. DUNNING: For nothing?

Mr. BLACKMORE: Yes, simply because they belong to society. Let me say right here that to-day we are giving something to all the people who are on relief, so that when we balk at this supposition about giving $25 to everybody we are simply straining at a gnat and swallowing a camel. We are allowing thousands of returned men who should be receiving munificent treatment from the country, who have already earned it, to go on suffering in misery—

Mr. LAWSON: That is not fair.

Mr. BLACKMORE: I am prepared to modify that statement to the extent that is necessary.

The CHAIRMAN: I must remind the hon. member that he has exceeded his time, and the questions and interruptions have not counted in his time.

Mr. LAWSON: I will talk for a couple of minutes and you can start again.

Mr. BLACKMORE: May I just finish the point I was making about the supposititious married couple? Does anyone here suppose that if a young married man had a chance to make $25 a month in addition to the $25 that he was receiving he would not take that chance? I venture to say that if he were disinclined to take it his wife would very soon make matters so uncomfortable for him that he would be willing to change his mind. The point that we overlook is that under our relief arrangement when a young man is energetic enough to get a job we take away his relief. Under social credit we propose to continue giving him his relief so that he will have an additional incentive to obtain work if work can be had at all.

Mr. JEAN FRANÇOIS POULIOT: (Témiscouata): I have listened with deep interest to the last part of the speech delivered by the leader of the Social Credit party (Mr. Blackmore). There are some points in his speech which I do not understand, and I will try to give him an explanation of what I gather from his remarks. I will try to be just as courteous as he has been, and to answer to the best of my ability any questions that may come from his group. I am not a mathematician and I will not deal in large figures—billions or trillions. I will speak only of millions. That is large enough for concrete examples of what we understand.

In the first place, at a time when the happiness of man was unclouded, in the garden of Eden, there was no mint to make currency. Man was happy just the same. After Adam and Eve were expelled from the garden of Eden, it was a penalty imposed upon them, to earn their own living. But for several centuries there was no coinage. It was the wonderful age of the patriarchs; they had no coins although they exchanged goods. It is just on account of the fact that our great-great-great-great-great-grandparents were expelled from the garden of Eden because of their sin that man has to work and to receive money for his services or his work. Therefore coinage is the result of sin.

Mr. LAWSON: And sin is the result of an apple.

Mr. POULIOT: Yes, and the eating of the apple was the cornerstone of all mints in all countries of the world. Of course some hon. members may think I am joking in speaking like that; but I am serious, and I am sure that if all hon. members do not understand the seriousness of my argument, some at any rate realize that there is something in it.

To speak in another vein, of course there is only one Christmas in the year. In order to give money freely to people there should be beforehand a very important reform, a reform of the calendar. Instead of one Christmas only, we should have Christmases every day of the year.

Mr. BLACKMORE: A good idea. Why not?

Mr. POULIOT: Therefore Santa Claus would not have time to go to the north pole; he would have to stay away from the snow during the spring, summer and fall.

Mr. HAYHURST: You still believe in Santa Claus?

Mr. POULIOT: Well, I believe in Santa Claus as much as I believe in social credit.

Mr. JAQUES: You prefer Black Friday.

Mr. POULIOT: I know my hon. friends are sincere; I do not mistrust their sincerity. But when people have no money, I wonder whether it is wise to speak to them of millions without giving millions to them. Those who are thirsty it makes more thirsty, and those who are hungry it makes more hungry. It is dangerous to show bubbles to the people. They are brilliant, but they disappear very soon.

There is the question of the creation of purchasing power. What is it? It is power to purchase, or the power to get some other goods. For what consideration, or how shall

we get it? There is a Latin line which is known by all: *Quis, quid, ubi, cur, quibus auxiliis, quomodo, quando?* Whenever there is an argument of some kind one can ask, *Quis*—who said it? I know it is Major Douglas who first said it, and he had some eminent disciples in this country, including the premier of Alberta. They are highly respectable people, we know, and they say it. Then there is *quid;* What do they say? On that point I am not sure because I do not understand very well. Then there is *quod;* Why? I do not impute motives to anyone, and I shall not say that it is for political motives. *Quibus auxiliis?* With what help, what assistance? Is it with the assistance of the provincial government of Alberta, or people of goodwill throughout this country who are ready to subscribe any amount of money to see the result of experience? It may be possible. Then there is also *quomodo?* by what means; and *quando?* when. I know of course that the theory is expounded to us and explained very ably, but to my mind not absolutely satisfactorily. Therefore the main points are: What is it, how will it be done, and when? I leave aside the other questions.

It is a law of nature that man has to work to earn his living. In the first place there was no coinage; there was no money; man worked and he received clothes and food from his employer. Those who were rich exchanged cattle for other goods, until trade became more widespread and cities came into being; then every man could not have a herd of camels or sheep or other animals to dispose of in order to obtain other things that he required, and people becoming more civilized got some form of coinage, which as my hon. friends know was first a piece of stone, which was supposed to have value. At that time the population of the world was not so big, but when the population became larger it was understood by tradesmen that they had to exchange a certain quantity of metal for other goods that they required for their living.

Mr. BLACKMORE: Would the hon. member like to have me answer his questions one by one as he asks them? Then we should not be confused by too many questions.

Mr. POULIOT: I am ready to do anything. If my friend prefers to ask me questions right now, I am ready to answer them. If he prefers to ask me questions afterwards, I am at his disposal just the same. I warn him that I am not an expert in those matters; I speak as an ordinary individual who has read a little—very little—of the history of the world and who is open-minded in all these matters. If my hon. friend has a question to ask, I am ready to answer him.

Mr. BLACKMORE: I wish to say here in public that the behaviour of the hon. member for Témiscouata (Mr. Pouliot) in the past has convinced me beyond any question that what he says about himself is true. He is a sincere, earnest man who really wishes to find the truth. I think it would be better in the interest of elucidating the truth that I should answer his questions one by one.

Mr. POULIOT: That is not my understanding. It is that I speak earnestly, candidly and I express my views, which of course may be all wrong, but I want my hon. friend to tell me where I am wrong. I ask him questions in order to have an opportunity to understand his system.

Mr. BLACKMORE: I thought that would be what my hon. friend wanted, so I believe I will ask him—

The CHAIRMAN: If the hon. member is going to ask a question, I wish he would do so and not make a speech.

Mr. BLACKMORE: Perhaps I had better put my answer in the form of a question, in order to be entirely within the rules.

Mr. SLAGHT: In the interests of all the other hon. members of the committee I suggest that the two hon. gentlemen ought to hire a hall for themselves.

Mr. POULIOT: I thank the hon. member for Lethbridge warmly for his kind words. Perhaps he would tell me how A or B may be given any purchasing power in the form of money by the state for services that are not rendered, except by way of a gratuity voted by both houses of parliament and sanctioned by the governor general?

Mr. BLACKMORE: I think this will cover that point. The dominion government to-day is granting relief to the extent of millions of dollars and is getting no services in return. If the dominion government can borrow money or raise money by taxation and give that money to people without getting a return for it, is there any reason why they should not be able to create money and do the same thing with it? If by borrowing money now the government are able to give a man $25, $30 or $40 a month—which is not enough—is there any reason why, if the production of the country will justify it, they should not create enough money to give that man $50, which might be somewhere near what he ought to have?

Mr. POULIOT: The government subscribes some money for the relief of a certain group of good Canadians who unfortunately have no means of earning their livelihood. That

is true, but that group does not include all Canadians. Those who receive this assistance form only a fraction of our population, and this relief is paid by the taxes which come from the pockets of the rest of the population, as my hon. friend knows. On the other hand, if every Canadian is to receive $25 or $50 a month, who will pay for it? That is my point. If the Canadian parliament has decided, on humanitarian grounds, to give assistance in the form of relief or relief works to that portion of the population which is unemployed, my hon. friend must remember that this is only one part and not the whole population. Furthermore, as my hon. friend knows very well, if everyone were assisted by parliament there would be no more relief. It would be a kind of superannuation for everyone in this country, by means of money voted by parliament.

Suppose we have a group of one hundred people forming the whole population of the world. Of the one hundred two are sick and five are unemployed. These seven are assisted by the remaining ninety-three, out of charity.

Mr. JAQUES: What about the machines?

Mr. POULIOT: I am answering the hon. member for Lethbridge. If any other hon. member desires to ask me a question he may do so. Seven of the one hundred are assisted by the ninety-three remaining. But suppose each of the one hundred receives $25 a month. Would that come from the pocket of A to the pocket of B and from B back to A? Is it just an exchange of money that comes from somewhere else? And if these one hundred people, forming the population of the world, were all unemployed, how would they get $25 or $50 a month or a week?

Mr. BLACKMORE: That is a sincere question, and I think I can bring the answer forcibly to the hon. member's attention in this way: If we continue at our present rate we shall arrive at the point where all the goods and services people can possibly use will be produced by about two per cent of the population. So that really the people who are getting the $50 a month are getting it from the work of the machines, which have so tremendously increased the productive power of our people that it is almost as though we had these hundred people in a lovely valley where all the fruits, all the fishes and everything of that kind were produced in abundance. We know such conditions could exist. We have virtually made this world into such a valley now where we can produce plenty; for we have learned to produce more of every kind of food, clothing, shelter and amusement, than we can use. But we cannot use the labour of all the people; we use machines instead. The question is, shall we let the machines work and let the people have the results of that work, much as one would allow people to pick fruit from the hillsides and catch fish in the streams; or shall we deny all the people who cannot get at the machines the privilege of enjoying any of the benefits derived from the machines which put them out of work? That is the vital question confronting us.

Mr. FAFARD: Is my hon. friend speaking to the amendment or to the resolution?

Mr. BLACKMORE: I am just answering the question of the hon. member for Témiscouata.

Mr. POULIOT: I was dealing with a world population of one hundred. My hon. friend said that at the rate the machine age was progressing, in the more or less distant future only two per cent of the population would have work.

Mr. BLACKMORE: Probably, I just supposed that.

Mr. POULIOT: Therefore, of the one hundred only two would work, and they would have to provide that $25 a week for the ninety-eight others. This would mean that these two men would have to provide over $100,000 for the support of the ninety-eight others. Each man would require a salary of about $50,000 to give away for the benefit of the others.

Mr. BLACKMORE: My hon. friend is overlooking the work done by the machines; he has not allowed for that. There are just two men managing the machines, and the machines are doing the work. You can get an illustration of that by going to a power plant. After the plant is completed, two or three men can run it and produce all the power needed over a wide area. The power plant is there and is producing this service out of the resources of the country, and the resources and machinery of the country belong to the state, to the people as a whole. That is beyond any question, just as our highways, churches, schools and universities belong to the people, even though those who built and paid for them may be dead. Do I answer the question?

Mr. POULIOT: I do not think my hon. friend has met the point. There are a hundred men together. Only two of those men have purchasing power. In other words, two have to support ninety-eight others. My hon. friend mentioned that there could be a creation of purchasing power. I should like

to know how we would increase the purchasing power of the ninety-eight people who have no money at all and no means of getting it?

Mr. BLACKMORE: That is where the state comes in. If the machines operated by two men are producing enough shoes, food and every other kind of goods to feed all of the one hundred, then it will be the state's task to turn the goods into money; for while goods ought to be purchasing power, to-day they are not purchasing power unless they can be sold. The goods must be changed into money before they become genuine purchasing power. The state, using goods, creates purchasing power, tickets, and distributes them to the men, and then the men are able to take part of that supply of goods. That is the kind of situation we are going into, beyond doubt. It is not a question of the amount of income each of the two men can win running the machines. It is the fact that the products of the machines are enough to supply everybody's needs and are changed into purchasing power in the form of money or tickets, as though the machines were creating a great heap of all kinds of goods, and all the people around were enabled to have a share out of the pile. The tickets are made and distributed to the people so that they can buy goods out of the pile. If that is not done you will find this peculiar thing happening: With the two men doing all the work and apparently having all the purchasing power, your machines will run just long enough to feed the two men, while all the others will starve and the machines will stand idle—which would be absurd.

Mr. POULIOT: I do not quite understand the explanation the hon. member has given.

The CHAIRMAN: The questioning between the hon. member for Témiscouata and the hon. member for Lethbridge has been going on for some time. When the hon. member for Témiscouata continues, I would ask him to address his remarks to the chair.

Mr. POULIOT: I will tell you, sir, that I have always addressed the hon. member in the third person. In fact, while I looked at him my observations were addressed to the chair. The matter has been discussed since three o'clock and, seeing that it is now five minutes to six, I hope the chair will not object if we continue until six o'clock. The discussion is regular, provided no other members wish to ask questions. They in their turn may rise, provided each does not speak more than forty minutes.

The CHAIRMAN: Will the hon. member proceed with his discussion of the resolution.

Mr. POULIOT: Thank you. Of course, according to your ruling, Mr. Chairman, I shall not ask any more questions of the hon. member for Lethbridge.

Mr. DUNNING: Would the hon. member for Témiscouata permit me to ask a favour of him?

Mr. POULIOT: Yes.

Mr. DUNNING: I would prefer not to continue this discussion this evening, and before six o'clock had intended moving that the committee rise, report progress and ask leave to sit again. I should think the hon. member would prefer not to break in on his own remarks five minutes from now.

Mr. POULIOT: No; but if the Minister of Finance does not mind I would ask him for some information.

Mr. DUNNING: Very well.

Mr. POULIOT: I should like, first, a tabulation showing the deposits by the public payable on demand in Canada; second, deposits by the public payable after notice or on a fixed day in Canada, and, third, the total monthly clearings of all chartered banks for the last two or three years.

Mr. DUNNING: Yes.

Mr. POULIOT: It seems that that could be done easily.

Mr. DUNNING: Yes.

Mr. POULIOT: I thank the minister. Then, I should like to have a tabulation for the past five years showing the amounts of dividends paid twice a year by each of the chartered banks, and also the total amount of interest paid on deposits twice a year by the banks.

Mr. DUNNING: I am not sure of the latter, but I shall make every effort to get it.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

QUEBEC RAILWAY, LIGHT AND POWER COMPANY

The house again in committee on Bill No. 8, respecting the Quebec Railway, Light and Power Company—Mr. Parent (Quebec West and South)—Mr. Sanderson in the chair.

On section 1—Declaratory.

Mr. POULIOT: Mr. Chairman, the other day we had very able explanations of this bill given by two or three hon. members. At page 1412 of *Hansard* the hon. member for Quebec West and South (Mr. Parent) is reported as having said:

> We claim that the original charter covers whatever forms of transportation science may discover.

I wonder if the hon. member was accurately reported in *Hansard*?

Mr. PARENT (Quebec West and South): I have not a copy of the *Hansard* before me, so I cannot answer my hon. friend.

Mr. POULIOT: Does the hon. gentleman say yes?

Mr. PARENT (Quebec West and South): I have not the *Hansard* before me.

Mr. POULIOT: I will repeat my question. At page 1412 the hon. gentleman is reported as having said:

> We claim that the original charter covers whatever forms of transportation science may discover.

I wonder if the hon. member was accurately reported.

Mr. PARENT (Quebec West and South): To the best of my knowledge I may have said what the hon. member has quoted. I was interpreting section 8 of the original charter of 1895 which provides for the use by the company of "any approved mechanical power or other means, agency or force for such purpose that science or invention may develop." I certainly used the words "that science or invention may develop," if that is what my hon. friend is referring to, because those are the words used in the original charter of 1895.

Mr. POULIOT: I thank my hon. friend for his explanation, but if he is correctly reported there is no need for this bill. He is proposing that the original charter be amended to permit the company to use buses, but if the original charter covers whatever forms of transportation science may develop the present bill is useless.

I should like to summarize what has happened in this case. It is to be regretted at times that the evidence which is given before all the committees of the house is not recorded. Able counsel for the Quebec Railway company, after numerous questions had been put to them, admitted in the committee that the company was operating buses; that it was also operating taxis, and further, that it controlled the majority of shares in the Quebec Cartage Company. The Quebec Cartage Company is a taxi and truck company, and therefore they do not need this legislation at all. In other words, the Quebec Railway Company comes here just to be in a position to state that the Quebec utilities commission has no jurisdiction over the rates that the company may charge the travelling public, and this bill is just a smoke-screen. I do not see how the committee can approve it. That is my first point.

But there are other considerations. The agreement between the railway company and the city of Quebec is one that apparently requires approval by the dominion parliament. At least six or eight times there have been previous agreements between the city of Quebec and the Quebec Railway company, but at none of these times did both parties come to parliament for approval. They went to the Quebec legislature, and I do not see why they do not follow the same procedure now. There is no reason for changing their procedure, because we have no jurisdiction whatever in such matters.

May I remind the committee of another statement which was made by Mr. J. A. Nadeau, chief counsel for the city of Quebec, before the railway committee. He was asked if it was the intention of the city to have the same exclusive franchise for buses as they have already for trolley cars for a period of thirty years from 1925 to 1955, and he answered affirmatively. That, of course, is outside the knowledge of hon. members who have not attended the sittings of the railway committee.

Therefore, sir, because this parliament has no jurisdiction over buses that operate within one province only, and because the purpose of the city of Quebec is to secure by this disguised legislation an exclusive franchise, it seems to me that this committee should not approve the bill.

Section agreed to.

Preamble agreed to.

The CHAIRMAN: Shall I report this bill?

Mr. O'NEILL: Mr. Chairman, there were some remarks that I wanted to make on this bill. I tried to make them on the former occasion on which the bill was in committee, but I was told I was too late then. I do not know whether I am too late again now, but if I am in order I should like to say a few words. The company contend that conditions have changed since they obtained

their franchise and they now wish to operate trolley buses and auto buses. I am quite prepared to grant them that privilege, but they also wish to operate in addition "all kinds of public or private conveyances." I think that takes in a little too much territory. I do not understand why they should want to provide now for some sort of conveyance that may be operating five or six years from now under some different name from trolley bus or auto bus. It seems to me that if they get what they are asking for now, the right to operate trolley buses and auto buses, they should be quite satisfied with that. Then, in five or ten years' time, if there is some other sort of public conveyance for which they wish to have a franchise, they can come and get it. They have not offered me any reasonable excuse why they should ask for that. It is that to which I want to object, and to be on record as objecting to that clause: "all kinds of public or private conveyances."

If they are willing to delete that clause, I am quite willing that the bill should pass; otherwise I want my vote registered against it.

The CHAIRMAN: Shall I report the bill?

Mr. POULIOT: Carried on division.

Bill reported on division, read the third time and passed.

TECHNICAL EDUCATION

AMENDMENT OF ACT TO EXTEND AVAILABILITY OF BALANCE OF APPROPRIATION FOR NEXT FIVE FISCAL YEARS

Hon. NORMAN McL. ROGERS (Minister of Labour) moved the second reading of Bill No. 33, to amend the Technical Education Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Disposition of unexpended balances.

Mr. LAWSON: Is this the general clause which provides for the continuance of the grant? It is perfectly apparent, from the fact that the full grant was taken up by most of the provinces within the time originally limited, that technical education is regarded very highly in many provinces. In addition to that, the national employment commission apparently recommended the continuance and extension of technical education as a means of youth training. Would the minister have any objection to advising the committee whether or not the government is giving serious consideration to the matter of extending grants for technical education, or, in other words, creating a new grant such as the original bill of 1919 provided in order that it might be furthered? I quite realize the minister may say that at this time he is not prepared to make any announcement; but I suggest to the minister that it is a live subject of discussion, particularly in the industrial centres, and the people of those centres are very much interested in knowing whether such a scheme is contemplated.

Mr. ROGERS: The question asked by my hon. friend is an entirely relevant one. As a matter of fact, the bill before the committee simply provides for a continuance of the old grants, and only one province, Manitoba, is in a position where it may take advantage of the original grants under the act of 1919. As to any extension of the policy which was given expression in the original act of 1919, my hon. friend is aware that the government must naturally choose its own time for any statement of policy.

Mr. LAWSON: Quite right.

Mr. ROGERS: We had to consider this whole question rather carefully when we undertook certain responsibilities in connection with youth training. The specific recommendation of the national employment commission was that this government should, in cooperation with the provinces, make technical training available for unemployed young people. We have been doing that under the youth training plan. It has already been announced that at this session of parliament a bill will be introduced to provide for a continuance of youth training over a period of three years, so that I should feel that in very large measure the government had responded to the opinion which, I agree, is prevalent in the country, that there is a need for technical education. We did accept the view that the need was most urgent with respect to unemployed young people, and as I have said, we are seeking to meet that need through the youth training program.

Mr. LAWSON: I have no desire to condemn this government for the provision it has made to implement a recommendation of the national employment commission. As a matter of fact, I commend this government for the extent to which it has gone. I wish it understood I am not speaking in a political sense.

Mr. ROGERS: Quite.

Mr. LAWSON: I think this question is above mere partisan politics. I understand that the youth training projects which this government contemplated and for which money has been voted have been sabotaged—I do not use the word in an offensive sense—by lack of cooperation on the part of the government of Ontario, and my information is that there is about $135,000 now available through the department which might be taken advantage of for youth training in technical education in Ontario. If I am in error in the figure the minister can correct me. It is obvious, it seems to me, that for some reason best known to themselves the government of Ontario are not receptive to the idea of using that money in the form in which it has been given for the training of youth in technical education in that province. I am confident that the minister is sincere in his desire to advance youth training and technical education, and I suggest that as an alternative to his present scheme, which apparently is resisted in Ontario—I do not know about the other provinces—he might very well consider the idea of going back to the original scheme of providing a fund on the basis of the original Technical Education Act, which might be taken advantage of in the provinces, and which, I believe, would be made use of in Ontario.

Mr. MacNICOL: I wonder if any of the money which the minister appears to have on hand under the vote for technical education could be used for aviation purposes. The Toronto board of education are anxious to extend their facilities for instruction in aviation. In 1932 or 1933, or earlier, the board commenced teaching matters pertaining to aviation in a branch of the technical school on Bathurst street. They now desire to branch out considerably because, as the minister knows, there is a large number of young men who would make first-class aviators, but unfortunately it is too expensive to teach them. A few days ago the board sent a letter to Ottawa asking the Toronto members to support their request for an increase in aviation facilities under the technical school grant. I assume that the minister has seen that communication and has been in touch with the board.

In the branch of the technical school located on Bathurst street the facilities are altogether inadequate for further advance in the subject. Is it possible to use some of this money to assist the board not only in the development of an aviation curriculum in the city but for the purpose of promoting cooperation in some way with one or more of the flying schools located in the vicinity of Toronto? If that is not satisfactory, perhaps they could start flying courses themselves outside the city where students could finish their education as aviators. I do not know whether that conflicts with what the government is doing at present. I understand that a few years ago a number of students who had obtained initial education in aviation in the Toronto technical school graduated either to Camp Borden or to Trenton. If some of the money could be used by the government for these purposes two very useful purposes would be served. In the first place, an opportunity would be afforded a good many young Canadians to learn aviation from the beginning, as I suppose they do now—that is, all about the machines, engines and so on. Second, provision would be made for turning out well trained young men for commercial aviation or perhaps for another form of flying which we hope will never be necessary.

Mr. ROGERS: It is quite true that the government has received requests from the board of education of Toronto in connection with an enlargement of their facilities for aeronautical engineering. I met a delegation from the board some time ago and discussed with them what might be done to assist their efforts in that direction. I was obliged to inform them that there was no appropriation from which a grant could be made for the construction of a building for that purpose. Even under the old Technical Education Act of 1919, as my hon. friend is no doubt aware, only twenty-five per cent of the annual grants could be expended for capital purposes; the balance was to be spent rather for purposes of actual instruction given to students in the technical schools.

I fully agree with the hon. member in regard to the importance of aeronautical engineering at this time. As a matter of fact, through the Department of Transport and the Department of National Defence, the government is giving a measure of assistance to instruction in aviation and aeronautical engineering. That is done not only through assistance given to municipal airports but also through encouragement and assistance given the flying clubs. In addition to that, Trans-Canada Air Lines has established a school of its own in Winnipeg for the training of its own pilots and mechanical staff.

As to any money being available under the legislation now before the committee for the purpose mentioned by my hon. friend, he will be aware from the previous discussion that the only amount made available by this legislation is for Manitoba. No portion of the money could therefore be made available for technical education in Ontario.

Mr. LANDERYOU: The minister will agree with me, I think, that Alberta has cooperated with his department to the fullest extent in the youth training projects.

Mr. ROGERS: That is correct.

Mr. LANDERYOU: I do not know whether the other provinces have cooperated as wholeheartedly. Could we at this time direct a question or two to the minister regarding the success of these projects?

Mr. ROGERS: I have no desire to restrict discussion, but there will be ample opportunity to discuss youth training in all its aspects when the legislation providing for a three year program of youth training is before the house. I suggest that it would be preferable to wait until then.

Mr. LAWSON: That is not yet on the order paper.

Mr. ROGERS: No.

Mr. MacINNIS: Will the minister say how much of this $10,000,000 is still available for Manitoba and whether that province has ever taken advantage of any part of its share of the fund?

Mr. ROGERS: The total amount available to Manitoba was $719,746.56. The amount paid to Manitoba, during the entire period from 1919 to the present date, is $433,709.17. The amount still available to that province is $286,037.39.

Mr. LANDERYOU: What about Alberta?

Mr. ROGERS: Alberta exhausted its grant in the second period of the act from 1929 to 1934.

Mr. HANSON: Is anything available for British Columbia?

Mr. ROGERS: British Columbia has also exhausted its original allotment under the legislation.

Mr. HAYHURST: How much of this $10,000,000 is left to be expended?

Mr. ROGERS: The total amount to be expended is $286,037.39, and that can be expended only by Manitoba. All other provinces have taken up their full allotment under the original legislation and the later amending acts.

Mr. POULIOT: What was the allotment and expenditure for Quebec?

Mr. ROGERS: The allotment was $2,569,655.53, which has been fully taken up.

Mr. POULIOT: During what year?

Mr. ROGERS: The province of Quebec exhausted its allotment in the second period, that is, from 1929 to 1934.

Mr. DOUGLAS (Weyburn): Has the minister a table showing how much was allotted to each province? If the whole statement were put on *Hansard* we would have a record.

Mr. ROGERS: With the consent of the committee I am glad to put on record a statement of the total allotments under the original legislation, and the amount outstanding for Manitoba.

Statement showing disposition of funds under the Technical Education Act as at the end of September, 1938

	Amount available during period of act	Amounts paid by federal government as at September 30, 1938	Balance
Prince Edward Island	$ 198,187 86	$ 198,187 86	....
Nova Scotia	662,113 94	662,113 94	....
New Brunswick	512,461 28	512,461 28	....
Quebec	2,569,655 53	2,569,655 53	....
Ontario	3,178,608 97	3,178,608 97	....
Manitoba	719,746 56	433,709 17	$286,037 39
Saskatchewan	847,620 91	847,620 91	....
Alberta	678,524 40	678,524 40	....
British Columbia	633,080 55	633,080 55	....
	$10,000,000 00	$9,713,962 61	$286,037 39

Mr. LANDERYOU: Could the minister give the number of youths dealt with in each province?

Mr. ROGERS: I have not that information, and I doubt very much whether it is available in the Department of Labour. The federal government paid grants in aid to the provinces under the legislation, but the number enrolled in the various courses would be in the provincial records, not in the records of the Department of Labour.

Mr. POULIOT: What will happen to-morrow when young men read that this committee has passed a bill for the purpose of spending some part of $10,000,000 appropriated under the Technical Education Extension Act? Most of them will think that members of parliament can distribute part of $10,000,000 for education, and many of them will want a slice of that for their own education. They will tell us, "You voted $10,000,000, I hope personally to take advantage of that." It is embarrassing for members of parliament to whom such requests are directed. In our province we write to a gentleman who is in charge of this scheme, and he always answers very nicely the letters of recommendation which are sent for anyone who seeks to take advantage of that act. But to my knowledge very few, at least from my constituency, have derived any benefit from it.

Before going any further, I should like to know from the minister if this act applies only to the sons of those on relief, or if it applies to any young man who is willing to learn a trade.

Mr. ROGERS: Perhaps I have not made it sufficiently clear that the legislation now before the committee is not designed to carry out the objects of the youth training program. This is merely a continuation of the Technical Education Act of 1919 in order that one province, Manitoba, which has not taken up its full allotment, may be permitted to do so. The form of the bill is similar to the amending acts of 1929 and 1934. I agree with my hon. friend that it would be unfortunate if the impression went out from this house that we are dealing in this bill with an appropriation of $10,000,000. But I am sure that we may rely upon the press to put the position correctly. The whole purpose of this bill is to permit one province, Manitoba, to take up what portion of its original grant under the act of 1919 may still be claimed under the provisions of that statute.

Mr. POULIOT: I understand that the federal government has nothing at all to do with the distribution of that money? Grants are made to the provinces, which decide to what individuals the money shall be awarded; is that the idea? Or does the dominion government give scholarships from that amount to private individuals?

Mr. ROGERS: The hon. member for Témiscouata (Mr. Pouliot) may be confusing this bill with the youth training program. As I explained earlier in this discussion, legislation dealing with the youth training program will be introduced later in this session. The present bill has one object only, which is to permit Manitoba to take up its remaining portion of the allotment under the legislation of 1919. Under that legislation the dominion government made certain grants available annually for the assistance of technical education in the provinces. The procedure was that an agreement was entered into between the dominion government and the provincial government respecting the expenditure of the federal grant. That agreement, of course, was bound by the terms of the statute, which stated that not more than twenty-five per cent of the annual grant payable to any province should be used for acquiring land or erecting or improving buildings or supplying furnishings or equipment. I suggest to my hon. friend that the other matters to which he has referred would properly, and most usefully be considered, when we have before us the measure dealing with the youth training program.

Mr. POULIOT: Have the amounts which the minister has already mentioned, and which will appear on *Hansard*, been paid to the provinces, or to individuals?

Mr. ROGERS: To the provinces, not to individuals.

Mr. ROSS (St. Paul's): Would it not be possible to extend this bill? It has been very satisfactory in its operation in connection with technical education in Toronto—I am speaking of Toronto particularly—and the minister has seen Doctor Butt of the department of education in respect to his request for money for aeronautical training. Since this scheme has worked so well, would it not be possible to have more money appropriated so that the department might be able to meet the request of the Toronto board of education to carry on this excellent work, especially in view of the times in which we live?

Mr. ROGERS: I doubt whether on that point I can add anything to what I have already said. There is no lack of appreciation of the importance of aeronautical engineering,

nor has there been any disposition on the part of the government not to do its part in supporting aviation. But as I have suggested, that is done through the Department of Transport and the Department of National Defence. Under the present measure it is not proposed to extend the Technical Education Act apart from the one purpose indicated, namely, to permit Manitoba to take up its full allocation under the legislation.

Mr. MacINNIS: I fully appreciate that this bill could not be extended beyond the specific point with which it deals. But I do not think there should be any misunderstanding either in the house or in the country as to the Technical Education Act itself, that is, the act by which assistance was rendered to the provinces for the purpose of technical education. I feel quite sure that most of the allocation to British Columbia was spent in the city of Vancouver. I happened to have something to do with the school board there during part of the time when this money was being expended on technical schools and furnishings for those schools. But there is a great deal in the point that has been raised by a number of hon. members, particularly those from the city of Toronto, that the time is opportune for the passing of another technical education assistance act, because I doubt if the demand on the school boards of the various cities for technical education was ever as great as it is now, and I do not believe the youth training projects will meet that demand in its entirety. That again, I think, is something separate. I believe the time is opportune for the government to give consideration to the extension of aid of this kind to the educational authorities in the various provinces.

Mr. ROSS (St. Paul's): I do not like to repeat what has been said already. The minister no doubt has seen this brief from the board of education of the city of Toronto, and I think he will realize that there is not sufficient space in the main building of the school in question. They went to the extent of renting a garage, or something like that, as a temporary arrangement, because the building is so badly crowded. I should like to point out the success they have had in their endeavour. One hundred boys have graduated from this four year course, and ninety per cent of those boys are employed at the present time, most of them, I understand, by firms engaged in aircraft production. Some have obtained positions with firms that put a premium on a high degree of efficiency, accuracy and care. Thirty-six boys graduated from the aircraft course, of whom twenty-one have secured employment.

As I understand it, this act had the dual purpose of making grants for the education of the youth as well as providing accommodation for the education of these boys. When we think of the number of young boys walking around these days who have never had jobs, it seems to me that the government might take into consideration the further extension of this act, because it has worked very well so far. I believe, too, that these men who are giving of their time in the city of Toronto, the board of education, an excellent body which is doing such great work, should have their efforts appreciated and that they should be allowed to carry on this work. They are the people who have most to do with the education of these boys, and I believe it would be a splendid thing if these people had the money to spend on the necessary buildings and equipment. So I would ask the minister to consider extending this bill to serve further the purpose that it has served previously.

Mr. LAWSON: Supplementing what I said a few moments ago in favour of consideration of the introduction of a further technical education act providing new and additional grants, I should like to leave a thought with the minister, which in turn he might present to his colleagues when dealing with the matter, in a light which probably has not occurred to him. We are all agreed that it would be a real contribution to the solution of the unemployment problem, particularly among the youth of the country, to provide further technical education in certain lines of mechanics. We are also aware that a terrific handicap is at present placed upon boards of education, certainly in urban centres, by the burden of municipal taxation. Within its jurisdiction this government probably cannot very well make a contribution towards the direct relief of that burden of taxation, because the municipalities are creatures of the province. I suggest to the minister, however, that this government might make a contribution to the relief of that burden in an indirect way. That is, they might further advance technical education, thus helping to solve the problem of unemployment among our youth, by making new grants for technical education which could be taken advantage of by the municipalities without imposing a further burden of municipal taxation upon property owners in the municipality.

If the government does not consider that a wise and feasible suggestion then might I suggest to the minister, in view of the fact

that Ontario has not cooperated in taking advantage of the money already granted for youth training projects, and in view of the fact that the minister has intimated that later in the session there will be introduced a youth training project which will be a three year plan, that before the introduction of that new legislation he might advantageously confer with the minister of labour of Ontario in an endeavour to bring down in this house a plan under which the government of that province will cooperate, so that Ontario youths may obtain the benefit of these training projects. In any event, if agreement cannot be reached, when that bill comes down in this house the minister will be able to advise us as to why it is not possible to get that measure of cooperation which we all so much desire.

Mr. ROGERS: Dealing first with the observations of the hon. member for St. Paul's, I agree entirely with him as to the value of the work done by the technical schools of the city of Toronto. As a matter of fact I was greatly impressed by what was presented to me by the delegation from the board of education of that city. On the other hand, I was obliged to tell them that there was no federal appropriation from which a grant could be made for the construction or enlargement of the technical school in which aeronautical engineering was being taught. I believe they went away persuaded that this was the case, though naturally they were disappointed and would have been pleased if they had received word that they could be given some direct financial assistance.

As to the point raised by the hon. member for York South, under the youth training program provision is not made for capital equipment. We do contribute to rentals of buildings and equipment, but our thought was that those who were enrolled for training should receive the maximum benefit of the various training projects. At the same time we felt that most of the provinces would be able, through their schools, to provide facilities for training purposes. We did not wish to duplicate those facilities, and in that I believe we were following a sound and economical course.

As to Ontario not having taken up its full allocation under the youth training program, I can say only that in the present year, according to my present knowledge of the amount actually expended, there is still available for that province the sum of about $220,000.

Mr. LAWSON: That is more than I had thought. I believe I mentioned the sum of $135,000.

[Mr. Douglas G. Ross.]

Mr. ROGERS: I shall ascertain the exact figure and see that it appears correctly in *Hansard* to-morrow. However, the full amount has not been taken up in Ontario, as it has in all the other provinces. It is, of course, for each province to determine what projects shall be established. Naturally any government in dealing with these matters is governed by consideration of what expenditures are most urgent. It is not a case of doing this and that, but rather a case of doing this or that. We did feel, and it is still my view, that the most urgent need comes from unemployed groups, and that is why through the youth training program we have been attempting to give special assistance to unemployed young people. Under a renewal of the Technical Education Act we would be assisting unemployed groups only in a limited degree—a much more limited degree than we are assisting them under the youth training program.

Mr. LANDERYOU: What measure of success has been secured in providing employment for youth under these past projects?

Mr. ROGERS: Upon that point we have not the figures available as to placement of those who have received training in the various technical schools of the provinces, but I shall have that information in respect to youth training when the measure is before the house.

Mr. ROSS (St. Paul's): May I say the deputation from the board of education went away quite happy in their minds. I was wondering whether the minister has suggested to them some way in which they might overcome this difficulty, particularly in view of the success they have had. They were very happy about it.

Mr. DOUGLAS (Weyburn): I understand Manitoba is the only province which has not drawn its full allotment.

Mr. ROGERS: Correct.

Mr. DOUGLAS (Weyburn): Has the minister the approximate dates when the other provinces drew the last of their allotments? Have they been going for a number of years without any further grants from this sum of money?

Mr. ROGERS: Eight of the provinces were unable to earn their full appropriations during the ten years contemplated by the statute, that is during the years 1919 to 1929. The act was extended at the 1929 session for a period of five years, in order to give those

eight provinces a further opportunity to earn the balance of the funds to which under the provisions of the act they were originally entitled. Ontario was the only province which had earned and received its entire allotment at the termination of the ten year period. Between 1929 and 1934 five other provinces, namely British Columbia, Alberta, Quebec, New Brunswick and Prince Edward Island received the balance of their apportionments. Two other provinces namely, Nova Scotia and Saskatchewan, continued in the period 1934 to 1939 to take up their allotments. The purpose of the present legislation is to permit Manitoba to take up its full allotment.

Section agreed to.

Bill reported, read the third time and passed.

PENITENTIARIES

ESTABLISHMENT OF COMMISSION WITH POWERS OF ADMINISTRATION AND CONTROL

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 34, respecting penitentiaries.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 2—Definitions.

Mr. LAPOINTE (Quebec East): Perhaps at this point I might give some information which was asked for yesterday during the debate on the resolution. I should like to place on record first the information as to the number of penitentiaries in Canada, the staffs in each of them, and the convict population. There are eight penitentiaries, counting the three at Kingston. They are as follows: Dorchester; St. Vincent de Paul, Kingston—and at that point there is the women's prison as well as the new penitentiary at Collin's Bay—Manitoba, Saskatchewan and British Columbia. The following table will serve to show the convict population and staff at each penitentiary:

Penitentiary	Convict population	Staff (guards and officers)
Dorchester	457	114
St. Vincent de Paul	1,033	223
Kingston (main penitentiary)	702	169
Kingston (women's prison)	31	6
Kingston (Collin's Bay)	250	101
Manitoba	364	103
Saskatchewan	463	117
British Columbia	328	101
	3,628	934

I was also asked by the hon. member for Kootenay East (Mr. Stevens) as to the increase in the penitentiary population during the period of the depression. The prisoners in custody in federal penitentiaries were as follows, on March 31 of each year: 1930, 3,187; 1931, 3,714; 1932, 4,164; 1933, 4,587; 1934, 4,220; 1935, 3,552; 1936, 3,098; 1937, 3,264; 1938, 3,584; and on February 10, 1939, 3,598: So it is gratifying to note that the fears of the hon. member for Kootenay East were not quite justified, because the population in the penitentiaries is not greater than it was nine or ten years ago.

Other encouraging statistics are as to the number of younger men in the penitentiaries. The hon. member for Kootenay East thought the number of younger men in the penitentiaries had increased in an alarming way, but that is not so. I will give the number of young men under twenty-one, in the penitentiaries for a certain number of years. In 1929 the number was 322. That is a good deal too many but the number has not increased compared with later years. In 1930 the number of young men under twenty-one in the penitentiaries was 377; in 1931, 484; in 1932, 527; in 1933, 467; in 1934, 409; in 1935, 325; in 1936, 280; in 1937, 317. I am sorry I have not the figures for 1938, but the numbers in 1936 and 1937 were smaller than in 1929, in a period of great prosperity.

The number between the ages of twenty-one and thirty is perhaps a little larger. In 1937, there were 1,515 men between those ages in the penitentiaries, while in 1929 there were 1,270. On the other hand, in 1932 the number was 1,900; in 1933, 2,052; in 1934, 1,916. So the number has been decreasing rather than increasing since 1933. The figures for men between the ages of thirty and forty are in about the same proportion. I suppose the committee is not interested in knowing the numbers between forty and fifty, and between fifty and sixty, because it was rather with regard to the younger men that questions were asked.

Those figures, Mr. Chairman, show the vastness of the problem, and I feel that those who thought a commission of three was unnecessary to administer such an important branch of the affairs of our country did not grasp the magnitude of the work to be done or the contact, supervision and control which the heads of the penitentiary branch must exercise over this considerable population of convicts and in the management of every one of these institutions. There is, of course, this other feature, the great importance of improving in every way possible not only

the management but ways and means of reforming those who are susceptible to reformation, and to give to that branch of social service in every way the consideration and attention which it deserves.

Mr. MacNEIL: I would suggest to the minister that in order to get a complete picture of the criminal problem, although perhaps this does not definitely relate to the bill under discussion, we should have statistics of the prison population in provincial institutions. I do not know whether that information is in the possession of the Department of Justice.

Mr. LAPOINTE (Quebec East): No, those records are absolutely outside our control, and I am sorry I cannot supply that information.

Mr. MacNICOL: Mr. Chairman, I had expected the minister to tell us in a general way something about the improvements that are proposed. Not having received the bill until a few minutes ago, I have had no chance to look through it, and it is difficult to discuss the clauses unless we have some idea of what is proposed to be done. I understood the minister to say that we are going to have a commission.

Mr. LAPOINTE (Quebec East): That is all.

Mr. MacNICOL: I am opposed to any more commissions unless they are of civil servants under the department. But if we are to have an independent commission with full power to do what it likes in the matter of employing people—and I see this commission has the right to select guards and all that—I never saw a commission yet that, in the spending of money, did not go away beyond the expectations of those who created it, and unless some limit is imposed upon the power of employing anyone and everyone it wishes to employ, I am not in accord with this commission idea.

Apart from that, I remember very well that when the minister was speaking on this question a year ago, something was said to the effect that other methods would be introduced to cure the evils that had apparently grown up in our penitentiary system. If the bill has in it anything in that regard I should like the minister to let us know. If it has, I shall have some further comments to make.

Mr. LAPOINTE (Quebec East): I wonder whether my hon. friend was in the house when the resolution was being discussed.

Mr. MacNICOL: Yes, I was.

[Mr. E. Lapointe.]

Mr. LAPOINTE (Quebec East): Well, I cannot say more than I said at that time. This bill, although it seems to be a voluminous document, is really a reenactment of the Penitentiary Act as it was, in all its provisions, except that a commission of three, instead of a superintendent, is to administer the penitentiaries.

As to the reforms to be made, some of them, as I said yesterday, are merely changes in the regulations which do not necessitate waiting for the appointment of the commission. But the recommendations of the investigating commissioners will be given effect by means of legislation. My purpose—and it was also one of the recommendations of the commissioners—is that such legislation should be scrutinized in the light of the conditions which the new commission will find, and approved, before it is submitted to parliament by the Minister of Justice, under whose control the penitentiaries branch will continue to be.

So I cannot give my hon. friend more details about the bill. He says that he is opposed to a commission because he does not know of any commission which has not spread and has not expanded its activities. My hope is that the penitentiaries commission will expand its activities in this momentous part of the civil service. There are reforms which have been suggested which may be commendable—the Borstal system, for instance, which is one way of attending to the young offenders; and there are other ways. But the Borstal or any other system cannot be put into operation without the proper buildings, without the accommodation necessary for that purpose, so that a pretty large expenditure is involved. As I said, this will have to be carefully studied and considered by the commission which will be at the head of this service and will, I hope, consist of men of ability and experience who will help myself, the government and parliament to do our duty in this regard.

Mr. MacNICOL: I certainly hope that the objective the minister has in mind will be carried out. As was said the other evening—and there is no harm in repeating it—the house has confidence in the minister himself, and perhaps the system would have done better under his direction.

Mr. LAPOINTE (Quebec East): I thank my hon. friend, but some people do not think so.

Mr. MacNICOL: I have had some experience in investigating prison reform. I spent some time two years ago in investigating Wakefield, near Leeds, looking into the Borstal system.

Mr. LAPOINTE (Quebec East): Which prison?

Mr. MacNICOL: Near Leeds. Wakefield is about eight miles or less from Leeds. I had the good fortune to meet, in the city itself, a gentleman who, I believe, was the original proposer of the idea that humane treatment of prisoners would work a marvellous reform, and be much more effective than ill treatment.

Mr. HARRIS: How long did the hon. member serve there?

Mr. MacNICOL: I will state that in a few minutes. At Wakefield I learned that the official who had introduced the system there had been transferred to Barlinnie prison at Glasgow; in fact I got a telegram from the home office suggesting that I could proceed to Barlinnie and discuss the subject with the man who, more than any other I was told, was responsible for making the Borstal system a success. The minister will not mind if I tell him that I spent seven hours in Barlinnie, not of course as a prisoner. I wanted to understand thoroughly how the reform plan was being carried out. After reading the report through, what I have been wondering is if it is the intention of the department—I believe it is—to instruct the commissioners to carry out to the best advantage, of course under Canadian conditions, the means and methods which have resulted in such a reduction in the old country of second offenders, third offenders and so forth. Certainly they have had great results over there; compared with what I have observed here in Canada the results they have achieved are remarkable.

Mr. LAPOINTE (Quebec East): Yes, but my hon. friend realizes our difficulties in Canada, because of the provincial gaols.

Mr. MacNICOL: Yes, I was just coming to that.

Mr. LAPOINTE (Quebec East): We cannot do what they are doing over there, because we have no control over a very large number of prisoners.

Mr. MacNICOL: I was just coming to that matter, and further, to the fact that conditions of administration and taking care of offenders are much more difficult here than in the old land because over there, if an offender escapes, he cannot get off the island, and the effect is that the incentive to try to escape is not one-two-three in the old country what it is in Canada and the United States where escaped prisoners can go such long distances and move from one country to another.

In reference to what the minister has just said about the difficulty of administering prison affairs and reforms in Canada compared with England because of the amount of control retained by the provinces, on reading over the report I noticed that the second of the eighteen recommendations made by the commission is:

> An immediate conference between the federal and provincial authorities should be held with a view to obtaining the full cooperation of the provincial authorities in putting the recommendations of the commission into effect.

I should like to know whether that conference has been held. It has not been held?

Mr. LAPOINTE (Quebec East): No. As I stated last year when I tried to get the immediate appointment of that commission, I desire the commission to take over and study the whole problem before we communicate with the provinces.

Mr. MacNICOL: The whole problem, as I said, is one of reducing the number of second and third offenders and so forth; in other words, of improving by proper administration the mentality and the inclination of the prisoner himself to really reform. I assume that is the main objective of the report. There is nothing I can add in view of what the minister has just said.

Mr. STIRLING: The minister has given the convict population of the eight penitentiaries in the nine provinces. I wonder if he would explain how the distribution of those convicts is carried out. I do not think, for instance, to take the one in British Columbia, that the number 328 necessarily means that they are all prisoners convicted in British Columbia, does it? They are moved about from province to province in accordance with certain views of the superintendent. Will that distribution now be in the hands of the commission?

Mr. LAPOINTE (Quebec East): Generally speaking, the population of the British Columbia penitentiary is composed of prisoners sentenced in that province. In Prince Albert they are the prisoners sentenced in Alberta and Saskatchewan; in Manitoba there is Stoney Mountain; in Ontario, Kingston; in Quebec, St. Vincent de Paul; and in the three maritime provinces, Dorchester. It happens occasionally that for the good of the management—and the minister has power in this regard—transfers are made from one penitentiary to another, but that is because of exceptional circumstances. For instance, as was said yesterday, a certain number of men were transferred a couple of weeks ago from

Kingston to the western penitentiaries. That was because of overcrowding in Kingston. We hope that with the improvements which will be made and the necessary enlargement of the buildings in the various penitentiaries this will be avoided in the future, and there is actually in Kingston extension work being carried on which subsequently will provide the necessary space. These transfers are made with great care and there has been no trouble of any kind. The convicts have suffered no ill effects as a result, and as a matter of fact they are much better off in a prison in which there is adequate accommodation than they would be if they were crowded, as they were in Kingston, owing to an increase in population. Generally speaking, each penitentiary serves a certain section of the country.

Mr. STIRLING: The female convicts are all congregated at Kingston?

Mr. LAPOINTE (Quebec East): They are all at Kingston, and I am pleased to say the number is very small. There are at present thirty-one female convicts in Canada, which speaks well for the weaker sex.

Mr. BROOKS: I have read quite closely the report of the royal commission and I must say I was much surprised at it. There seems to be, according to the report, hardly any penitentiary in Canada, which has been conducted properly in the past. The commissioners found fault with the guards, with those in charge, with the commissary, with the stewards in every penitentiary, with the recreation and schools. In fact, there was no branch of the penitentiary service that was not severely criticized in the report. What particular qualifications had these commissioners to pass such severe censure upon the penitentiaries of the country? Unfortunately we have had penitentiaries in Canada for a good many years; but surely the majority of the men in charge of these institutions must have been better qualified for the work they were doing than this commission has given them credit for. I consider the report a severe criticism of the administration of our Canadian penitentiaries. Have any changes been already made in the administration of the penitentiaries, on the basis of the commission's report?

Mr. LAPOINTE (Quebec East): As regards the first question, I may repeat what I said yesterday. The commission to investigate penitentiaries was appointed because of public demand which had been heard for many years and which had become increasingly difficult to resist, and more particularly because of troubles in penitentiaries prior to the setting up of that commission. At one time there was considerable trouble in some of the penitentiaries, and the press of Canada had been insisting upon an investigation.

When it came to the appointment of the commissioners there was difficulty, just as the appointment of a permanent commission will be a difficult task to perform. The three commissioners first appointed were these: There was Mr. Justice Archambault, who is a judge of the high court of the province of Quebec, who had great experience in criminal matters, having been crown prosecutor for the district of Montreal, which I suppose was the largest in the country for many years. Then there was Mr. Anderson, then editor of the *Globe*. The press had taken such an interest in this matter that it was thought advisable to have from among its number a permanent member on the commission. Unfortunately my good friend Mr. Anderson died almost immediately after he was appointed. Mr. McRuer, K.C., who was appointed to replace him, was recommended more particularly by those who had been very much pleased with the appointment of Mr. Anderson—I refer to that section of the community which was impressed with the idea that some improvements ought to be made and some changes effected. The same element, more especially those who are interested in prison reform and who had recommended Mr. Anderson, were also recommending Mr. McRuer. Mr. McRuer had had a wide experience not only in legal matters but in criminal law, having been counsel on commissions concerned with some penitentiary troubles and other matters. As regards the other commissioner, we thought we should have a western man, and Mr. Craig, K.C., of Winnipeg, who was also crown counsel, having been attorney general of Manitoba for some years, was appointed. Of course it is always possible to criticize any appointment, but we try to get the best men possible. Others might prefer other names, but we thought we could not do better than appoint these three men. My hon. friend may not be satisfied with all they say in that report, but one thing he will admit, that the report evidences a great amount of work on the part of those commissioners.

As to the other question, I repeat what I said last year—and that is why I was very sorry that the bill did not become law last year. I do not want those recommendations put into effect before this commission is appointed and before those men, who are expert and who devote their ability to this service, have an opportunity to consider carefully every one of those recommendations.

Then I as Minister of Justice, on their report, will submit to parliament any legislation which is necessary.

Mr. WOODSWORTH: I am concerned about the long delay in getting something done along these lines. I notice the summary of recommendations of the commission contains some eighty-eight clauses. This is a pretty wide program, and while it is true that in making the recommendations the commissioners did urge that a commission should be appointed at once, they also recognized that there would have to be a well planned program. Two questions occur to me in this connection. A number of these recommendations deal with much more than the care of people in penitentiaries. The other night the minister said:

> This legislation is to take care of prisoners. Of course the heads of penitentiaries are vitally interested in anything which would tend to cure existing evils and help reform the men committed to their charge, as well as to protect society against them.

Evidently this bill is intended primarily to take care of prisoners, but what is to be done about the larger program of crime prevention? Is that to come specifically under the charge of these commissioners to be appointed?

Mr. LAPOINTE (Quebec East): The prevention of crime is as much my hon. friend's responsibility as my own; that is, the work of all men who are interested in social matters, not specifically the work of the management of penitentiaries.

Mr. WOODSWORTH: But that is part of the work that must be undertaken, according to the report of the commissioners. We live in a scientific age, and I do not think most of us believe that people commit crimes because of native depravity. We recognize that there are certain conditions of environment which tend to foster crime. Some people may be born better and some worse, but in practice I think people with decent environment have a much better chance to live a decent sort of life, and will do so; whereas if people have to live in slums, half starved and subject to temptation on all sides, they are more likely to go wrong.

Mr. LAPOINTE (Quebec East): I quite agree with my hon. friend.

Mr. WOODSWORTH: I am very glad; I thought the minister would. My first question is: Who is going to be charged with this special task of trying to discover those causes which lead to crime, and setting to work in our communities those remedial agencies which at least help to prevent the production of criminals? So far as I have been able to learn by glancing at the bill, there does not seem to me much in it that would provide for that. Are we to have nothing in the way of implementing that broader program?

Then there are a number of recommendations which seem to call for pretty definite legislation. I mentioned one the other night, that of the indeterminate sentence. There is a suggestion or recommendation of a somewhat extensive revision of the criminal code, and new classifications of prisoners. My second question is, these commissioners having been appointed—and I was delighted that the minister came out in such a forthright way and said there would be no political considerations in their appointment, but they would be men who would commend themselves to the public generally—I should like to know whether these new commissioners will have the machinery at their disposal so that they can carry out this program without waiting another year, thus delaying action long overdue.

Mr. LAPOINTE (Quebec East): The prevention of crime of course is a matter in which we are all interested. My hon. friend suggested the abolition of slums, which are hotbeds of crime; he is quite right, but of course this will have to be dealt with in conjunction with other branches of the service and with the provinces. Here again there are certain spheres or domains on which we cannot very well trespass. But we all have the matter at heart, and I have no doubt that the men who will be at the head of this penitentiaries commission will do their best to cooperate with any other authority in any measures which would lead to the suppression of crime.

The treatment in prisons may have much to do with reforming men. There are two schools of thought in Canada as elsewhere; there is the one that thinks criminals are criminals anyway, that they are born so and that we should not try to reform them. I think that school is wrong. At the other extreme are those who would have them pampered, and released as soon as possible. But the protection of society must always be considered. Those two points of view have to be taken into account in dealing with this matter. For the benefit of the first school, those who say we should not do anything for the criminal, I point out that in a study made before that royal commission it is shown that on January 1, 1938, 188 prisoners confined in Canadian penitentiaries had been convicted more than ten times, and have cost the public of this country approximately $4,500,000, or $25,000 each. So, if we look

at the question only from the point of view of cost in dollars and cents to the taxpayer, without any regard to the humanitarian aspect, the answer is still the same; society and the country are interested in trying to prevent this recidivism which costs the people of Canada so much, as well as making those men a danger to their fellow men, and derelicts without hope in this world.

That is where the question of the young offenders comes to the fore, and it ought to be taken care of and dealt with in the best possible way. There is no doubt that to send to the penitentiaries young men who may have made only one mistake, and to mix them up with hardened criminals, makes those young men lose what they had in the world in the way of opportunity and hope. It is our duty and the duty of all those who want to improve conditions in this country to try to bring about the best possible conditions not only in prison management but in the other, larger questions which my hon. friend has mentioned.

Mr. WOODSWORTH: Then there is the second question. Is the minister convinced that we have sufficient machinery, that is, are sufficient changes being made in the law, to permit these commissioners to go to work immediately? Can they make the classifications and do the other things that are recommended by the royal commission?

Mr. LAPOINTE (Quebec East): Of course we have the whole branch, which is a pretty effective machine at the present time. The commission will have the present staff. The inspectors will become assistant commissioners; they will change their title, but they will be the same officers, and of course there will be need of additional officers if we carry out all the recommendations. But as the commission itself stated, the changes will have to be made gradually, by stages or instalments, if you like. That is the only way to achieve real and lasting progress.

Mr. WOODSWORTH: For instance, there are changes that will have to be made in the criminal code. The commissioners would not have the right to alter the criminal code, yet the royal commission suggested that changes should be made at once.

Mr. LAPOINTE (Quebec East): This all goes together. I should like to make the changes in the criminal code in cooperation with the commission, when it is appointed.

Mr. HAYHURST: I think the measure respecting penitentiaries is a distinct improvement, according to my understanding of the methods followed in the past and the methods that will be followed in the future, so I would congratulate the minister upon this improvement. But as far as I have been able to learn from reading and speaking to people, the charge has been made frequently both by newspapers and by individuals that the greatest waste was in connection with repeaters, that is, criminals who repeat from time to time. Could the minister give us any information as to the number of repeaters in the last five years, we will say? We notice, for instance, that in that time there has been some diminution in the number of criminals, and I should like to get the figures with regard to the number of repeaters during that period of time.

Mr. LAPOINTE (Quebec East): I have here some statistics with regard to those who were sent to the penitentiaries during the last fiscal year. The total number was 1,447, of whom 349, or 24·1 per cent, had no previous commitment reported. The total with previous commitments was 1,098, or 75·9 per cent. Of that number those who had gone to gaol only numbered 371, or 25·6 per cent. Those who had gone to reformatory only numbered 100, or 6·9 per cent. Those who had previously been committed to penitentiary only numbered sixty-one, or 4·2 per cent. Those who had been committed to gaol and reformatory numbered 127, or 8·8 per cent, while those who had been sent to gaol, reformatory and penitentiary numbered 132, or 9·1 per cent. I suppose that will give my hon. friend an indication of the proportion, which must have been about the same in previous years.

Mr. LANDERYOU: I wish to congratulate the commission upon the splendid report which has been submitted to parliament. I believe the minister holds humanitarian and sensible views with regard to this question of our penitentiaries and the matter of crime in general, but I would say that at least ninety per cent of crime is due to the conditions of poverty that exist throughout the country. This poverty, which is so manifest throughout Canada, is the result of our inability to provide people with the standard of living which they realize is possible with the technical developments and tremendous resources that we have in Canada. After all, it is the duty and responsibility of this parliament to eliminate poverty and thereby reduce the number of criminals in the country. Has the minister any figures in regard to the salaries paid the officials and employees of the penitentiaries, that is, the guards and supervisors?

Mr. BOUCHARD: The hon. member thinks ninety per cent of our criminals committed crimes because they were poor. I should like to ask the minister what is the proportion of poor people in the penitentiaries.

Mr. LAPOINTE (Quebec East): I am afraid I could not give any definite proportion.

Mr. MacNEIL: Could the minister indicate the percentage of ex-service men employed on the staffs of the penitentiaries?

Mr. LAPOINTE (Quebec East): I am informed there is quite a proportion of ex-service men among the employees of penitentiaries. According to the information my officers give me I believe the proportion would be about twenty-five per cent. The guards, who form by far the largest proportion of employees of penitentiaries, are paid salaries varying between $100 and $125 a month.

Mr. LANDERYOU: In respect of the point raised by the hon. member for Winnipeg North Centre (Mr. Woodsworth) to the effect that complete revision of the criminal code was recommended in the report, can the minister—

Mr. LAPOINTE (Quebec East): Not a complete revision.

Mr. LANDERYOU: I thought there was reference to a complete revision of the criminal code. However, I congratulate the minister upon introducing the bill.

Mr. LAPOINTE (Quebec East): The matter is being considered.

Mr. LANDERYOU: It is being considered?

Mr. LAPOINTE (Quebec East): Yes.

Mr. MacNICOL: I have a little more to say. A year ago, just before prorogation, this matter was brought up, and at that time, while I will not say the minister was annoyed, yet he did seem rather disappointed that he did not get his bill before the house.

Mr. LAPOINTE (Quebec East): Yes.

Mr. MacNICOL: I have looked carefully through the bill, and so far I have not been able to see anything of consequence, with the exception of the appointment of the commissioners.

Mr. LAPOINTE (Quebec East): That was the first step.

Mr. MacNICOL: After reading the report of the commission, a commission which went all over this country, and visited Europe, I had hoped that we would be told what the department proposes to do to deal with the problem of second and third offenders, and its intention with respect to young offenders. There is nothing in the bill in that regard.

Paragraph (f) of section 2 refers to "penitentiaries." May I point out, however, that in the old country first offenders are sent to special penitentiaries or prisons. In this country are we going to continue to send to the penitentiary the first offender who has committed a crime which calls for a term in a penitentiary, but which might be a first offence? Is such offender to be sent to Kingston, Stoney Mountain or St. Vincent de Paul, or is there to be a special penitentiary for that class?

Some observations by Sir Samuel Hoare, to whom I listened in London encouraged me to spend a great deal of time in a survey with respect to prison reform. Prior to that time I had not taken much interest in the subject. I had heard it debated in this house, but I was enthusiastic over Sir Samuel's observations respecting the results of what had been done in England in connection with the reform of first offenders. Remarkable achievements have been accomplished in that connection. Of course some criminals cannot be reformed, and on them the police keep a close check; but a large percentage can be reformed. The home office has issued a report, a copy of which I have no doubt the minister has, in reference to the return of first offenders to prison in England. I find that in 1932, 769 were discharged, and that after several years 196 had been reconvicted two or more times. In 1933, of 883 discharged, 185 had been returned two or more times, and of the 900 discharged in 1934, there were 117 who were reconvicted two or more times. Sir Samuel Hoare has pointed out the remarkable results which have been attained in the reform of prisoners. On the other hand, I notice in an article published in the Toronto *Star* in 1937, out of 4,036 prisoners there were 2,662 repeaters—a very high percentage, indeed.

I should have liked to see something in the bill along the lines I have mentioned. Probably the commission will do something. I hate to think of a big bill like this which provides only for the appointment of three commissioners, something which could have been provided for in one paragraph.

Mr. LAPOINTE (Quebec East): No.

Mr. MacNICOL: Apparently the department wishes to have the appointment of three commissioners who are going to do all the work. That is not the way it is in the old country.

Mr. LAPOINTE (Quebec East): Oh, yes, it is.

Mr. MacNICOL: They prepared a bill over there.

Mr. LAPOINTE (Quebec East): No.

Mr. MacNICOL: The minister knows more than I do about it.

Mr. LAPOINTE (Quebec East): I know a little bit about what they did.

Mr. MacNICOL: As I understand it, in England the administration is under the home office, whereas in Canada it will be administered by a commission.

Mr. LAPOINTE (Quebec East): It will be exactly the same thing. In England they have a central board under the Home Secretary. Here we will have a board under the Minister of Justice.

Mr. MacNICOL: That is the same administration as they have in the old country?

Mr. LAPOINTE (Quebec East): Exactly the same, yes.

Mr. MacNICOL: And in the old country did a board under the home office prepare all the regulations?

Mr. LAPOINTE (Quebec East): Yes.

Mr. MacNICOL: And that is what the minister has in mind here?

Mr. LAPOINTE (Quebec East): That is what I was going to tell my hon. friend.

Mr. MacNICOL: The purpose is as nearly as possible to follow out the rules and regulations which have brought about such remarkable achievements in the old country?

Mr. LAPOINTE (Quebec East): Yes.

Mr. MacNICOL: That being the case, I have nothing more to say.

Mr. McCANN: The purpose of this bill is to appoint a commission with power under the minister to control, administer and manage the penitentiaries of the country. We have been criticized by our Tory friends for appointing a commission for this particular purpose. On former occasions there has been criticism of the government with respect to its not carrying out the recommendations of different commissions. The chief recommendation of the commission which investigated the penitentiaries and made a study of the penal system in Canada was to the effect that under our present system the problem of penal administration is too large in scope and too serious in results to be left in the hands of one man.

In his criticism yesterday, when speaking on the resolution prior to the introduction of the bill, the hon. member for Lanark (Mr. Thompson) said the commission was being appointed for the purpose of shifting responsibility. To any one who has read the report of the commission on penal institutions it must be evident that one man was not capable, as superintendent of our institutions, to carry on the work. No country in the world lags as far behind in penology as does this Dominion of Canada. I am not a penologist, a criminologist or a sociologist, but I have read the report, and have made a study of it. I have made it my business to visit one of the largest penal institutions in Canada, and have spent some time therein viewing conditions and studying problems in the hope that when the bill came before the house I, looking at some of these problems from the point of view of the medical man, might be in a position to make to a commission some recommendations tending to bring about a betterment of conditions in our institutions.

It is remarkable that the public has always shown an absorbing interest in criminals. Newspapers devote much of their space to the subject, even to the prejudice of law enforcement bodies, to such an extent that J. Edgar Hoover, chief of the United States federal bureau of investigation, has protested again and again that the publicity given criminals encourages crime. The tendency of recent years, expressed in tabloids and in the moving pictures, has been to give the hero role to the police rather than to the criminal, and the shift is said to be obtaining results. But whether the neighbourhood boys play G-man, mounted police or gunman, adult interest is still centred in the criminal, as it has been from Homer to Dickens, Zola and Hugo. This interest has, of more recent years, sold thousands of crime and detective stories, and has proved a gold-mine to publishers and authors of such works.

A noted criminologist, J. L. Gillin, attributes this phenomenon to public interest in human conduct, which is greater in proportion to the unusualness of such conduct. In so far as most citizens lead lives which do not violate the standards approved by society, the unusual person stands out the more clearly. Psychologists explain also that until fairly modern times man has been constantly subjected to danger, and that danger has two reactions: cowardice and courage. Danger still provides a thrill to be met with appropriate activity, and in following the careers of criminals, the honest citizen vicariously experiences this thrill without the accompanying activity and danger. Unfortunately this interest does not

extend beyond the apprehension, trial and conviction of the criminal. Just as books of romance end with wedding bells, books of crime usually end with the clanging of prison gates.

So much for the general public interest in crime and criminals. There is, however, another and more serious approach to the subject —interest in crime and criminals as a social phenomenon—a social disease to be met and, in so far as is possible, eradicated by scientific study and scientific treatment. This scientific study, which includes the process of making laws, breaking laws, and reacting toward the breaking of laws, is directed to the end of protecting society. Any scientific study of criminology must have this objective constantly in mind, whether it is to be attained by prevention of crime, apprehension of the criminal, punishment or reform.

We should keep in mind, Mr. Chairman, that the main purpose of any penal system is, first, to protect society, and, second, the regeneration, education and rehabilitation of criminals.

It may be redundant to quote the axiom that "prevention is better than cure," but in our methods of crime control this precept is far from being adequately observed. We are too prone to stint expenditures at the outset in preventive work through schools, boys' clubs, and juvenile courts, and to spend large sums in the apprehension and imprisonment of adult criminals when cure is all but hopeless. At the same time we regard soaring costs of crime with dismay.

It has been estimated that the total cost of criminal justice in the United States costs that country in excess of three hundred and fifty million dollars a year, and estimates of the total cost of crime have run as high as thirteen billions. While these figures, particularly the latter, are far from accurate, they give some indication of the enormous expense which is thrown upon the general public by criminal activities. In the report of the royal commission to investigate the penal system of Canada, it is estimated that the cost of 188 recidivists in Canadian penitentiaries at the date of the investigation had cost Canadian taxpayers over four and a half million dollars, or $25,000 a man. That is a figure which was also given by the hon. Minister of Justice (Mr. Lapointe) when he was speaking. These figures show us that money spent in the prevention of crime would be money well spent. If, by the provision of, say $1,000 in juvenile crime prevention, we can prevent a juvenile from becoming a hardened recidivist, who will cost the taxpayer over $25,000 before his useless life is ended, we shall be saving $24,000 rather than spending $1,000.

Crime prevention begins in the home and may be attacked from the general angle of correcting undesirable social conditions—the clearing of slums, better housing, a higher standard of living, health control, employment opportunities, and adult education—or from the particular angle of family or domestic relations courts, boys' club activities, and the school.

Students of criminology assign the main social condition causing crime to deficiencies in the home life of the child, manifested by poor training, lack of discipline and emotional instability. This may occur in the homes of the rich, where the parents have other interests and leave their children to the care of servants or to their own devices, or in the homes of the poor, where adverse economic conditions press upon family life. But when heredity influences are also present, and the parents are emotionally unstable and temperamentally maladjusted, the child, in addition to lack of proper discipline and care, will inherit the disordered emotional system of his parents, requiring the best, rather than the worst, of care to correct. Broken homes, where there is divorce, disharmony or a step-parent, or where the child is reared by disinterested relatives, will also provide a favourable breeding place for juvenile delinquency.

The preventive approach to such problems is through the family court, where broken homes come to the attention of the authorities. Let me mention here that perhaps no city in the whole of Canada is more to be commended than Ottawa for the introduction and the carrying on of the family court which investigates the conditions which underlie crime in this city.

The preventive approach, as I was saying, is through the family court; second, through the school, where emotional, physical or mental deficiencies may be detected, and third, through boys' clubs where lack of parental training and discipline will become apparent. When, through any of these agencies, character deficiencies or undesirable environmental influences of the juvenile are detected, immediate action should be taken through social agencies to correct the dangerous trends that have been discovered. It is here that society should spend without stint some portion of those many millions that will later have to be spent if preventive measures fail.

There will always be cases in which dangerous trends are not discovered in time or where preventive measures will fail. There will also be those cases where no criminal or anti-social attitude is present but where

emotional strains will prove too much for the emotional control of the individual, and manslaughter or murder will result. There will also be cases where temptation exceeds powers of resistance, and embezzlement or other form of theft will be committed. For these cases special adult treatment will have to be provided.

The question of this adult treatment is one which is engaging the best thought of penologists in every civilized country, and no general panacea has as yet been evolved. Human behaviour being individualistic, it is improbable that any general theory will ever be entirely successful.

Canada, as the report of the royal commission has demonstrated, is lagging behind in penological matters, and the bill before us at this time is the first step in a program to bring this country abreast of the times.

The lag in our development is not an unmixed evil, because it gives us an opportunity to study the methods of those countries which have outdistanced us and to select from their systems the best features already proved to be successful, as well as to profit by their mistakes.

That development in modern penological treatment which has met with the most outstanding success has been classification, segregation, and the special treatment of special types of prisoners. Such classification depends upon the buildings available and the distances to be overcome, but in so far as these considerations have permitted, classification has been the most successful treatment which has been yet evolved.

The types which require to be classified and segregated are: First, the insane; second, the subnormal; third, drug addicts; fourth, young offenders; fifth, hardened recidivists; sixth, first offenders and accidental criminals. The remainder of the criminal population will form a final class which will be the largest of all.

The treatment of insane persons and drug addicts is one for specialized medical attention.

With reference to subnormals, those who cannot be certified as definitely insane within the meaning of the Penitentiary Act, but who have obvious deficiencies, should not be permitted to mingle with the general prison population, because they cannot appreciate the necessity of observing prison discipline and because they are victimized by the more intelligent and troublesome prisoners who may aggravate their mental condition or urge them into rebellion and revolt in which the instigators do not participate. That, Mr. Chairman, I submit, is one of the principal reasons why we have had in Canadian penitentiaries throughout the last number of years a great number of riots and insurrections.

Hardened recidivists should be subjected to preventive detention. It is known that their period of freedom on release will be limited to a vacation and that they will surely revert to crime, which is the only occupation they know or will follow, and will surely return to prison. These men are like lepers. They are unfit to live in society, and should therefore be segregated from it, not as a form of punishment but as the least expensive and most effective form of treatment. Their routine should not be onerous. They should have proper exercise, proper food and clothing, and some recreation, but they should not again be released to prey upon society.

I might remark here that I think well of the regulation in the United States whereby a criminal who has a number of convictions against him is finally sent to prison for life.

This applies also to the so-called sex criminal, who should be subjected to curative or corrective treatment and should never be permitted to advance along the well beaten and easily predictable path from indecency to murder. Let me say here that the vast percentage of indecency cases in the penal institutions of this country are cases of crimes which have been committed by men over fifty years of age. To the medical men that cannot point to anything but some type of physical disability which may be cured by modern surgical methods.

With regard to the accidental offender who has been overcome by a temptation too strong for him, or by the stress of an overmastering emotion, his sentence can be justified only by its deterrent effect upon others. This man is inclined to look upon his imprisonment as just retribution for his crime or as a penitence to be performed. There is no need of imprisonment or training for him; its only effect can be to deter others. He has learned his lesson before his sentence has commenced, and he is less likely to repeat a criminal offence than another is to commit one. His penal treatment should be so designed as to keep him from becoming bitter, while preparing him for a resumption of his normal life. With regard to this type of offender it can be truly said, "There, but for the grace of God, go I"; for who knows what he may do under pressure of circumstances when confronted by some immediate and compelling emotional crisis.

With regard to young offenders, special individual treatment must be given. These youths are still in their formative years. Wrong ideals can still be corrected. The influence of early environment and associations can be eradicated. New and worthwhile objectives can still be made attractive. But the task is a difficult one, and failure will but confirm the youth in his anti-social point of view.

One of the things which struck me on my visit to the Kingston penitentiary was the great number of young men who were in that institution. I happened to be there about the time they were coming in for their noonday meal; and one would think, from the appearance of the men who were entering in file at that particular time, that one was looking upon the campus of Queen's university rather than a penitentiary. I was told by the warden of Kingston penitentiary that the average age of those within that institution is twenty-four years; and the day I was there there were 783 prisoners. It is a sad reflection on our present sociological system, when so many young men coming from broken homes have to start off their career in the penitentiaries.

Youths at this age revolt against the humdrum routine and irksome responsibilities with which the world confronts them. They crave adventure, romance, admiration, and the immediate realization of their dreams. They are thoughtless, reckless, animalistic, not yet socialized. It is not surprising that the slow and plodding road of honest endeavour should repel them, and that lawlessness, with its apparent quick result, should attract them. They must have their heroes, and if these heroes are big-shot gangsters they will take pride in being tough and hard, and will be sullenly resistant to any attempt to influence them. It is necessary to substitute a more desirable hero, and the man who can do so must possess their confidence and something of their admiration before he can succeed. That is why the Borstal system, which is dependent upon the Borstal staff, has shown such satisfactory results. To deal with this type of offender we must develop a type of prison officer that is individually exceptional.

I ask you, Mr. Chairman, what makes young men in this country want to join the mounted police? Because it offers them a career. There is a glamour, something about it which appeals to them. When this prison commission is set up, one of the first things it should do is attempt to have guards of a higher quality and of a higher classification than the present guards at our institutions. I would suggest that our universities give a special course to young men who would take up this particular career. After training along the lines of penology to a limited extent with a high type of man has been given, you will have the men in the prisons look up to these men who are their guards and their trainers, and they will have beneficial effects on the men who are confined. That is exactly why the Borstal system has been the success which it has. I have heard it said on several occasions that the Borstal system should be introduced into this country. I do not think it is any better system than we have in Ontario in what is known as the parole system. That system could be adapted to advantage to the whole of Canada; instead of introducing a new system we could have a further extension of the parole system which we have for the penal institutions of Ontario.

Mr. MacNICOL: The Borstal system operates in the prison or in properties adjacent to the prison.

Mr. McCANN: My contention is that the parole system is as good as the Borstal system, although I readily understand that the two have separate functions.

With regard to the large remaining class, the ordinary second or third offender, who is neither mentally deficient nor addicted to drugs, who is neither a first offender nor a hardened recidivist, we must give them moral hospitalization and treatment. In this we can look to the medical profession for guidance.

What would we think of a physician who, diagnosing typhoid fever, said to his patient, "I am sending you to the hospital because you have typhoid fever. You will remain there for two weeks. During that time, food, shelter and a bed will be provided, but no treatment will be given for the disease. At the end of two weeks you will be discharged whether you have recovered before that time, at that time, or not yet." We would regard such a physician as a madman; yet we do exactly that with our morally sick. It is long past the time for us to change this procedure. We must diagnose the criminal's condition and prescribe his treatment. From what contaminated source did this condition arise? What incubated it? Only by understanding the particular case can we prescribe the proper treatment. How long should the man be hospitalized? Obviously, until he is cured. Some conditions can be cured immediately; some require time; some may be incurable, and a man is fit to be discharged only when he is cured. At that time hospitalization

should cease and convalescence should commence. If the man has a relapse it does not mean that we should be discouraged. We must resume the cure and make more certain that next time it is effective.

During convalescence we cannot expect the man to compete on an equal footing with people in robust health. He must still be under the supervision of his physician, who can give him necessary treatment, and who can watch for indications of a relapse.

We have passed the age when torture and beatings were prescribed for the cure of the insane. We no longer permit those with contagious diseases to mingle with surgical or other medical cases. We must progress with those who are morally ill as we have already progressed with those who are mentally or physically ill.

In this progression our greatest obstacle, as was the case in psychiatry and medicine, will be public indifference and public ignorance. If we give offenders in our penitentiaries special treatment and training we shall be accused of pampering the criminal. If we give him assistance and supervision after release, we shall be accused of discriminating against the honest man who is suffering economic hardship. We shall be asked why we assist ex-convicts to obtain employment when honest men are without jobs. We might as well be asked why a sick man, recently risen from a sick-bed. should require convalescence and treatments. The answer is the same in both cases: The treatment is to overcome a handicap and to place the man in a position to compete with those who are fit—not on a preferred basis, but on as nearly an equal basis as we can achieve. To do otherwise—thus ignoring the handicap of the discharged convict—is, whether his sentence be for thirty days or thirty years, to condemn him for life.

We must make up our minds to one of two courses: that dictated by reason and founded upon our experience in medicine and psychiatry and in most advanced and successful penal systems, which is the scientific curative method; or that dictated by ignorance and prejudice, which is barbarous and destructive. If the people of this country, misled by embittered cynicism or by indifferent stupidity, choose the latter course, they must be prepared to abide by the inevitable result —mounting law-enforcement costs and increased viciousness in crime.

I think that we might at this time say a word or two with reference to some other matters with which the commission will have to deal. Let me say something first with regard to the personnel of the commission. It cannot be a personnel of supermen. There are no such things as supermen; supermen exist as such only in their own minds. What we do want is a commission of men who have the humanitarian point of view. Our penal system has been run for years by men who have had entirely the militaristic point of view. We want men of education, learning, culture and some experience, but especially men who see the human side of things. It has been said that there should be a medical man on the commission. I do not agree with that suggestion. The commission should receive the advice of medical men; every man who is sent to a penal institution should be given the advantage of a proper physical examination, and his case should be studied individually with a view to seeing whether or not he has physical disabilities, the removal of which will improve his moral condition.

In visiting the institution at Kingston I find that the facilities there for medical work are altogether inadequate. We have a makeshift hospital. I do not want to be too critical of the past administration or of the institution; but if we are to get anywhere in the treatment of those in our penal institutions, then we must improve the physical conditions under which they live. For instance, the whole outfit of buildings at Kingston is antiquated. The warden of that institution, showing me around, pointed with pride to the date-stone of one building, which said "1830." The remark which I might have made on that occasion but did not like to make was, "Your system is just as antiquated as are your buildings." They undertake to teach these prisoners a trade, but they have nothing like proper workshops. Their whole commissary department is antiquated. One gets the odour of it as soon as one enters the institution. All these things added together will make a criminal, even when he is within the prison, highly incorrigible, and embitter him against society, and it is to my mind one of the causes of many of the riots that we have had.

Another department which ought to undergo revamping is the remissions branch. Under the present system the remissions officer makes a recommendation to the minister with regard to any remissions of cases that are brought to his attention. In my opinion, instead of a remissions officer and remissions branch, the commission with their inspectors should constitute a parole board, and prisoners should be given an opportunity to appear before that board to present their particular case. I am sure there is not a member of this house, and very few clergymen in the country, who have not been requested by friends of those who

are in these institutions to use their influence with the remissions officer or with the Minister of Justice with a view to obtaining some remission of sentences imposed.

I have said something with reference to training. The present guards, as they are called, who are the officers in charge of the prisoners, are taken from here, there and everywhere. They should be men especially adapted to that particular kind of work, and given some training for it. Schools should be established for the training of these people. Let me say in passing that in the city of Kingston there is another institution which houses almost twice as many inmates as are in the Kingston penitentiary, that is the Ontario Institute for the Insane. In my experience of twenty-five or thirty years observation of that institution I have never heard of any insurrections or riots or irregularities, and I attribute that to the fact that the inmates are supervised by people who are trained for that supervision. There could not be a better exemplification of what in the one instance, trained officials can do, and what takes place when officials are without training.

Then, in connection with all these institutions, not enough consideration is given to what shall become of a man after he is discharged. Efforts should be put forth to rehabilitate him, restore him to society and make him a useful citizen. I suggest that the commission should give serious consideration to the appointment of a trained rehabilitation officer in every prison, who will give consideration to the individual cases, and months before the discharge of a prisoner will seek ways and means whereby that man will be rehabilitated and restored to the community.

However, I believe that the greatest progress that will be made in penology in this country in the next twenty-five years will be along medical and surgical lines; giving men a complete and thorough examination, seeking to classify them on the advice of trained psychiatrists and to remove the physical defects which so many have that aggravate their mental condition and make them go morally wrong. If a commission is to be set up in this country just for the purpose of having something new and transferring the work from the superintendent, without the Minister of Justice and his department having in the background a fixed determination to improve the condition of our penal institutions and the people in them, we might just as well not bother enacting this bill.

Section agreed to.

On section 3—Minister to have control.

Mr. ROBICHAUD: It appears to me that section 3 is in conflict with section 5, and is not in line with the object of the bill. The explanatory note states that the general object of the bill is to establish a commission with power to control and manage the penitentiaries, under the Minister of Justice. Section 3 reads:

> The minister shall have the control and management of all penitentiaries. . . .

Section 5 reads:

> The commission shall under the minister, have the control and management of all penitentiaries. . . .

Mr. LAPOINTE (Quebec East): Under the minister.

Mr. ROBICHAUD: Yes, exactly the same wording, except that the words "under the minister" are added. It seems to me that the object of the bill as explained by the minister is to give the primary responsibility to the commission, and section 3 still gives, as in the old act, not only the primary responsibility but the final responsibility to the minister, while section 5 gives the primary responsibility to the commission and the final responsibility to the minister.

Mr. LAPOINTE (Quebec East): It was the same in the old act.

Mr. ROBICHAUD: I say the object of this bill is different from that of the old act.

Mr. LAPOINTE (Quebec East): No.

Mr. ROBICHAUD: I understood the primary responsibility is to be placed on the commission.

Mr. LAPOINTE (Quebec East): Yes, under the minister.

Mr. ROBICHAUD: But I mean the primary responsibility. The final responsibility was always upon the minister, and still is, under this bill. But under this bill the primary responsibility is on the commission, and the final responsibility is with the minister. Section 3 gives the primary responsibility to the minister, as under the old act. To my mind it should not. Section 3 is unnecessary, and not in line with the object of the bill. Section 5 is the section we should have in the bill, and section 3 should be deleted.

Section agreed to.

On section 4—The penitentiary commission.

Mr. MacNICOL: In regard to remuneration,—is the minister able to tell what the salaries will be?

Mr. LAPOINTE (Quebec East): No, I really could not.

Mr. BROOKS: What is to become of all the officials that we have in the penitentiaries now? Under this commission they could all be dismissed. Is there no way of looking after them?

Mr. LAPOINTE (Quebec East): They are all under the Civil Service Act, and they are going to be retained unless they are incompetent. It is not proposed to dismiss men who are in the service.

Mr. BROOKS: There are now a superintendent and three inspectors. What will become of the three inspectors?

Mr. LAPOINTE (Quebec East): The three inspectors will become assistant commissioners under another clause.

Section agreed to.

Section 5 agreed to.

On section 6—Commission may perform other duties.

Mr. MacNICOL: What other duties?

Mr. LAPOINTE (Quebec East): The provision is inserted just to give more power to the minister to impose upon the commission certain duties. I cannot name any special duties.

Mr. MacNICOL: I hope it does not mean carrying out one proposal of the report, namely to manufacture in the penitentiaries all the canned goods required by the prisons of Canada. That would be nothing short of ridiculous. One insignificant factory could manufacture in a week all that all the prisons of Canada use in ten year's time.

Mr. BROOKS: Are there any penologists in Canada; and, if not, where would you get penologists for your commission? I assume you would have the best penologists you could get. What is a penologist?

Mr. LAPOINTE (Quebec East): Perhaps we have not developed that extremely technical branch of sociological science, but I hope we shall in due time. There are people who have devoted much time to that subject, and we have good psychiatrists and that sort of thing. We shall do our best with the material at our disposal.

Mr. GARIÉPY: Reverting to section 4, I notice that under subsection 2, a commissioner may be removed from office by the governor in council at any time for cause, although subsection 1 says the appointment is for a period of ten years. Is that provision for removal for cause not very dangerous? It means that with a change of government—

Mr. LAPOINTE (Quebec East): No; "for cause" does not mean that.

Mr. GARIÉPY: —you could have the governor in council removing these commissioners for any cause whatever so long as it was satisfactory to the government, which would mean a disturbance. This provision does not exist in other acts. We have railway commissioners appointed for ten years straight, and members of the civil service commission are also appointed for ten years. There is no such removal at pleasure, because that is what it amounts to.

Mr. LAPOINTE (Quebec East): Oh, no.

Mr. GARIÉPY: Well, the governor in council will be the judge, and any cause satisfactory to them—

Mr. LAPOINTE (Quebec East): No, no.

Mr. GARIÉPY: —will be sufficient.

Mr. LAPOINTE (Quebec East): I have more confidence in governments than my hon. friend has, even under my opponents in politics.

Mr. GARIÉPY: Well, I am surprised to hear the Minister of Justice speaking in that way, because I could give him a list of removals made in 1930 which were not to the honour of this country at all. There were general dismissals throughout the country—

Mr. BROOKS: And in 1935.

Mr. GARIÉPY: —and the same thing may happen in the future. If we are going at this work seriously and desire a commission that will be able to do its work efficiently, it seems to me there should be some tenure of office which would permit the commissioners to feel safe in their positions. Then they will be absolutely independent; they will not be under any threat from any government. Even if there is no change of government; if by any chance a commissioner happens to displease by his independence of character; if he chooses to make recommendations which are not satisfactory to some of the ministers or possibly some members of parliament, then he may be in danger of dismissal. It seems to me this provision is dangerous, and I direct the attention of the committee to it.

Mr. LAPOINTE (Quebec East): I do not know whether I should reply to the remarks of my hon. friend, but there are standard rules which cover this matter of "for cause." There are even legal decisions. A commissioner who

was removed merely because of a change of government certainly would have a claim against the government. The words "for cause" mean something which makes him unfit for office, not merely political opinions or things of that kind. Those words appear in most of the legislation appointing boards, and it has never been considered that there was danger in inserting that provision. I think they are rather a protection. Otherwise the government would be forced to keep in office for ten years a man who, for instance, might be unable to fulfil his task for physical or other reasons. I believe this is a protection for the country.

Mr. GARIÉPY: That is what is done in regard to judges. We have several judges now who are physically unfit, but they are appointed for life and they remain in their positions.

Mr. LAPOINTE (Quebec East): That would be a bad thing.

Mr. GARIÉPY: Those judges are still retained in office.

Mr. LAPOINTE (Quebec East): The Judges Act provides for that. If a judge, even of a high court, is mentally or physically unable to do his work, the Minister of Justice may appoint a commission to investigate and retire him compulsorily.

Section agreed to.

On section 7—Commission to make rules.

Mr. LANDERYOU: In connection with paragraph (b), could the minister tell us what type of work is carried on and what wages are paid the convicts?

Mr. LAPOINTE (Quebec East): Blacksmithing, tinsmithing, and so on; the manufacture of mail bags for the Post Office Department; tailoring, shoemaking, the manufacture of brooms, stonecutting and so on.

Mr. LANDERYOU: This paragraph mentions wages or remuneration, and I was wondering what remuneration they received. Is there any difference in the remuneration for different types of work, or do they all get the same?

Mr. LAPOINTE (Quebec East): They are not union wages but only a few cents a day. I think five cents a day is the average, but they may sometimes get more because of good conduct.

Mr. MacNICOL: Under the management of this commission will they engage all employees themselves or will the employees be selected by the civil service commission?

Mr. LAPOINTE (Quebec East): That question is dealt with in sections 10 and 11.

Section agreed to.

Sections 8 and 9 agreed to.

On section 10—Appointment of wardens, etc.

Mr. MacNEIL: Would the minister explain the procedure to be followed in making appointments? As I read the bill, the governor in council will appoint wardens, deputy wardens and other administrative and executive officers, while under section 11 the commission may appoint such guards, trade instructors and other officers as may be necessary. It seems clear that this bill does not provide for open, competitive examinations under the civil service commission. If this penitentiaries commission is to be established to correct the conditions which were disclosed by the report of the royal commission, I see no reason why it would not stabilize the service and remove influences tending to corruption if all appointments were placed under the civil service commission. I would ask the minister why this bill has disregarded the merit system with regard to such appointments.

Mr. LAPOINTE (Quebec East): The appointment of these officers was under the civil service commission while I was Minister of Justice previously, prior to 1930. In 1933 the then Minister of Justice introduced a bill placing the appointment of these officials under the governor general in council. I was on the opposition side at the time, but I must say that I gave the new legislation my full support. I have myself experienced the troubles caused by the former system. I cannot understand why the civil service commission should have the responsibility of appointing wardens and deputy wardens, men who have convicts under their supervision, men who have most delicate work to do and carry tremendous responsibility. In the end the Minister of Justice is the one responsible for what happens in the penitentiaries. But there are troubles, and when those troubles develop they are of an extremely serious nature. There have been riots, rebellions and all sorts of disturbances. How can the civil service commission, rather than the one who in the end will bear the responsibility, appoint those who will be at the head of those institutions? The present system is working well. I assure my hon. friend that so far as I am concerned—and any Minister of Justice would do the same—I have to take the greatest possible care, because of the

serious consequences. I know that in connection with that special work I have more confidence in myself than in the civil service commission.

Mr. BROOKS: I find myself in accord with the hon. member for Vancouver North. We find that the commission criticized more strongly wardens and deputy wardens than they did other officials of the penitentiaries. If we are going to improve the system it would seem to me there must be some way by which we can get a better class of wardens and deputy wardens. Under this bill we are simply keeping the same old class we had before, and I cannot see how there can be any great improvement in our penitentiaries. It must be realized that the warden and deputy warden are the men primarily responsible for the discipline in their particular institutions. It seems to me that the bill is very weak in this section.

Mr. LAPOINTE (Quebec East): What does the hon. member suggest?

Mr. BROOKS: I think it should be placed under the commission.

Mr. LAPOINTE (Quebec East): But not the civil service commission, as the hon. member for Vancouver North has suggested.

Mr. BROOKS: No, not the civil service commission. I mean the three men appointed under the minister to conduct the affairs of the penitentiary.

Mr. MacNEILL: I thoroughly agree with the minister that we must have first-class men in these institutions. We must have a very high type of men to act as wardens and deputy wardens, and thoroughly reliable men to act as guards. But I am not certain that under the present system of political patronage we get a good type of men, and I feel that much of the trouble exposed in the report of the royal commission has been due to the influences of political patronage. It would be difficult to persuade me that the minister has time personally to supervise all such appointments. It would be difficult to persuade me that the members of the new commission should devote much of their time to the appointment of guards.

Mr. LAPOINTE (Quebec East): Under section 11 the guards would be appointed by the commission.

Mr. MacNEIL: I was asking the minister a moment ago to explain the procedure. It is my understanding that the wardens, deputy wardens and other administrative or executive officers are to be appointed by the governor in council, and that the guards and other officers and instructors are to be appointed by the commission. But it will still remain that these appointments will be made on the basis of political patronage. And the men who are Liberal members or defeated Liberal candidates in the districts adjacent to penitentiaries will make recommendations with regard to appointments.

Mr. LAPOINTE (Quebec East): No, no.

Mr. MacNEIL: Appointments will be made not so much on merit as on the basis of reward for political service. That does not result in the appointment of the best type of men. Furthermore, it does not result in ex-service men getting the preference which the government has assured. That preference does not apply when the position is not openly advertised. I recognize the intention of the government that the preference should apply, but the ex-service men, who perhaps are best qualified for that type of work, if they are physically fit—

Mr. LAPOINTE (Quebec East): Has the hon. member read section 12?

Mr. MacNEIL: Yes. But my point is that unless the position is advertised, ex-service men who may be qualified do not have an opportunity to apply. When these appointments are made through political patronage, they are made in secrecy. Statistics show that under patronage ex-service men do not get as fair a deal as they do under the civil service commission, where the merit system and open competition prevail.

Mr. LAPOINTE (Quebec East): If my hon. friend is under the impression that the commission which will be appointed will make appointments of guards and officers in the penitentiaries under political patronage, then he is altogether wrong. I would withdraw the bill immediately if it were to be so. My hon. friend must have some confidence in those who are responsible, and I give him my word that it is not the intention and it will not be done. We shall try to have men who will not be absolutely subordinate to political exigencies, as the hon. member seems to be afraid. There are still some good people in the world, despite what my good friends in the Cooperative Commonwealth Federation seem to believe. Trust us a little, sometimes. In this matter I am sincere. Why do you not trust us a little—some of you fellow members?

Mr. MacNEIL: I am not expressing a lack of confidence in the minister. I am expressing a lack of confidence in the policy. Only a few days ago the government declared itself as being in favour of the merit system.

Members of the government declared that this administration stands solidly behind the merit system. Since the time when these appointments were taken from the jurisdiction of the civil service commission, the facilities of that commission have been extended. I submit they are fully equipped to-day, by open competitive examination, to secure wardens, deputy wardens and guards. I submit we can now make appointments on the basis of merit under the civil service commission.

Mr. LAPOINTE (Quebec East): I believe the civil service commission itself thought this class of appointment in the penitentiaries should not be under them. They have not the requirements. I do not see how this may be done through examination, and all that sort of thing, under the civil service commission. When the change was made in 1933, the whole house agreed that this should be done, and I do not think the civil service commission would like to undertake the work.

Mr. LANDERYOU: I am absolutely in accord with section 10, but I believe there is some confusion between sections 10 and 11. We have been discussing section 11 under section 10. May I say that I disagree with section 11.

The CHAIRMAN: We are not discussing section 11. We are discussing subsection 2 of section 10.

Mr. LANDERYOU: I find myself in accord with the Minister of Justice in this respect, and will reserve my observations until section 11 is called.

The CHAIRMAN: Shall subsection 2 carry?

Mr. MacINNIS: No.

Section stands.

Progress reported.

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

Monday, March 6, 1939

The house met at three o'clock.

WAR MUNITIONS AND MATERIALS

REFERENCE TO PUBLIC ACCOUNTS COMMITTEE OF ALL CONTRACTS TABLED

Hon. IAN MACKENZIE (Minister of National Defence): I desire to move, seconded by the hon. member for Quebec South (Mr. Power):

That all contracts entered into by the Department of National Defence and tabled in this house be referred to the standing committee on public accounts.

Motion agreed to.

CANADIAN WHEAT BOARD

OPERATIONS AND SELLING POLICY—TABLING OF WEEKLY REPORTS

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I desire to ask a question of the Minister of Trade and Commerce (Mr. Euler). On February 24 last, at page 1278 of *Hansard* he stated he would give further consideration to a request I had made that the weekly reports of the wheat board be brought down and placed in the sessional papers office and there be made available to hon. members. Would he give a statement to-day as to whether he proposes to see that these reports are tabled accordingly?

Hon. W. D. EULER (Minister of Trade and Commerce): My hon. friend has reminded me of something that perhaps I should have spoken of before. My recollection at the moment is that when we agreed to place the reports among the sessional papers there was at that time no wheat for sale, and there has never been tabled or put amongst the sessional papers any of the weekly reports of the sales of wheat of the current year's crop. That practice will continue to be observed.

Mr. PERLEY: I think that last year, following the procedure of bringing down the weekly reports, which shows the standing—

Mr. EULER: There was no wheat for sale.

Mr. PERLEY: No wheat for sale?

Mr. EULER: Very little.

Mr. PERLEY: I think there was wheat for sale until the thing was finally wound up.

Mr. SPEAKER: Order.

Mr. PERLEY: I am not at all satisfied with the position the minister has taken. I think we are entitled to the information I have asked for. There is provision made for it in section 8(e) of the act. I would ask the minister to give further consideration to the matter.

Mr. SPEAKER: Order.

Mr. EULER: I just want to lay this down as a very definite principle. It is not regarded by the wheat board as being in the public interest to divulge any information with regard to the sales of wheat; and that

has been government policy. Never has there been given to the house any information in any sort of detail as to the sales of wheat of the current year's crop. That position, I think, will have to be maintained.

SUDETEN IMMIGRANTS

RESPONSIBILITY FOR SETTLEMENT IN CANADA OF FAMILIES FROM CZECHOSLOVAKIA

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, I desire to ask if the government intends, as reported in Saturday's press, to place responsibility upon the colonization departments of the railway companies for the settlement of families from the Sudeten area of Czechoslovakia.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The Minister of Immigration (Mr. Crerar) I have no doubt will wish to make a statement with reference to the matter to which my hon. friend has referred. Perhaps he will allow it to stand until the minister is here.

RADIO BROADCASTING

METHOD OF APPOINTING RADIO LICENCE VENDORS

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): A week ago I asked a question in the absence of the Minister of Transport (Mr. Howe) as to the method of appointing radio licence vendors. It had been stated that there was to be a change in the method. Is the minister now prepared to make a statement in that regard?

Hon. C. D. HOWE (Minister of Transport): The principal change was that returned men were to be employed exclusively. I have not reviewed recently the correspondence that took place with the organization of returned men, but I shall be glad to table it in the house to-morrow. Perhaps that will be the best explanation I could give.

Mr. MANION: That is all right, but the statement was made to me that the matter had been put distinctly on a direct patronage basis. I should be glad if the minister would deal with that to-morrow, if he does not wish to do so to-day.

Mr. HOWE: It always was.

Mr. MANION: Perhaps so; I do not know whether it was or not, but I should like to know whether or not it is at the present time. I should be glad if the minister would deal with it to-morrow, or to-day, if he wishes.

[Mr. Euler.]

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN BROADCASTING CORPORATION—TORONTO APPOINTMENTS

Mr. LENNARD:

1. How many non-residents of Toronto have been appointed by the Canadian Broadcasting Corporation at Toronto?

2. What are their names, positions held, and salaries, and from what other places, in or outside of Canada did they come and what is their length of service and experience?

3. Who were the staff at Toronto during 1938, and what were their salaries?

Mr. HOWE: This question is obviously out of order. It refers to the internal management of an autonomous corporation.

Mr. SPEAKER: Dropped.

Mr. MANION: The question might be referred to the radio committee.

Mr. HOWE: Yes, it is a very proper one for the committee.

Question dropped.

CANADIAN NATIONAL RAILWAYS—EMPLOYEES AND WAGES

Mr. MARSH:

1. How many people were employed by the Canadian National Railways in each year from 1929 to December, 1938?

2. What was the total amount of wages paid in each year from 1929 to December, 1938?

Mr. HOWE: Total number of employees and their compensation:

Year	Number	Compensation
1929	109,096	$173,078,506
1930	101,105	159,675,111
1931	91,416	139,784,630
1932	76,616	106,911,608
1933	70,625	95,632,076
1934	74,774	90,408,102
1935	75,053	104,861,520
1936	78,836	111,221,129
1937	79,471	117,804,769
1938	74,953	116,526,108

NANAIMO, B.C., HARBOUR EMPLOYEES

Mr. TAYLOR (Nanaimo):

1. Have any officers, clerks, employees or labourers been appointed since January 1, 1938, in the district of Nanaimo, British Columbia (Nanaimo assembly wharf excepted), under section 6 of the Government Harbours and Piers Act and Amending Act, 1937?

2. If so, what are their names, and when, and where were they appointed?

3. Have any government wharves in the said district (assembly wharf excepted) been in

charge of a wharfinger, officer, clerk, employee or labourer, so appointed, during any part of the period from January 1, 1938, to date?

4. If so, what are the names of such appointees, on what dates, and where were they appointed?

5. At what place or places, and on what date or dates were the services of such appointees, if any, discontinued?

Mr. HOWE:

1. Wharfingers only.

2.

Name—Date of appointment—Place appointed

James A. Goldsmith, June 2, 1938, Chemainus, B.C.

John K. Stewart, May 19, 1938, Cowichan Bay, B.C.

Geoffrey L. Wheatley, March 28, 1938, Mayne Island, B.C.

McGregor C. Ironside, July 8, 1938, Nanaimo, Farmer's Landing, B.C.

Thomas B. Morgan, May 26, 1938, Sidney, B.C.

3 and 4. Answered by No. 2.

5. Geoffrey L. Wheatley, resigned April 11, 1938, Mayne Island, B.C.

Thomas B. Morgan, resigned June 6, 1938, Sidney, B.C.

TREASURY WARRANTS

Mr. BLACKMORE:

At what times, in what amounts, and for what purposes have treasury warrants been used by the dominion government in the past ten years?

Mr. DUNNING: It is not clear from this question just what the hon. member wants. He speaks of treasury warrants, which is a meaningless term. If he means governor general's warrants, that information can of course be supplied. He is not in his seat, so I suggest that in the meantime the question be dropped and redrafted in terms of what he desires.

Mr. SPEAKER: Question dropped.

ALBERTA WHEAT SHIPMENTS

Mr. MacNEIL:

How many bushels of wheat were shipped from the province of Alberta during the current wheat marketing year: (a) via the eastern route; (b) via the western route.

Mr. EULER:

The Canadian wheat board considers that it is not in the public interest to divulge such figures during the course of the marketing season.

IMPORTATIONS OF UNITED STATES CANNED BEEF

Mr. THOMPSON:

1. How many pounds of canned beef did Canada import from the United States during each of the years 1936, 1937, and 1938?

2. What was the rate of duty per pound paid by the United States upon importations of canned beef?

There is an error in the drafting of this question. I ask that it be dropped so that I may redraft it.

Question dropped.

ROYAL VISIT TO TORONTO

Mr. CHURCH:

1. Did the government receive on January 25 last from the Ontario government the plans and details of the king's visit to Toronto?

2. Have such plans and all details as yet been approved by the government?

3. If not, what is the cause of the delay in approving of the plans and when will an announcement be made?

4. Will a copy of all papers be tabled?

Mr. MACKENZIE KING: The hon. member has asked to have the question dropped.

Question dropped.

CANADIAN WHEAT BOARD SALES

Mr. PERLEY:

Does the Canadian wheat board sell wheat direct to representatives or agents of foreign countries who are not members of the Winnipeg grain exchange, or do they insist upon all sales being made through, or by, members of the said exchange?

Mr. EULER: The Canadian wheat board has sold its wheat exclusively through members of the Winnipeg grain exchange and members of the Vancouver merchants exchange. Representatives or agents of foreign countries have never made any effort to purchase wheat from the board.

VALUE OF AGRICULTURAL PRODUCTION IN EASTERN PROVINCES

Mr. BLANCHETTE:

During the seven years from 1931 to 1937 inclusive, what was the total value of agricultural production in Nova Scotia, New Brunswick, Prince Edward Island, Ontario and Quebec, as compared with the total value of the same production in the said provinces from 1924 to 1930 inclusive?

Mr. EULER:

Years	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Total Five Provinces
			(thousand dollars)			
1924..	19,681	38,162	29,055	255,690	459,325	801,913
1925..	24,798	41,291	40,705	294,125	493,909	894,828
1926..	25,966	45,161	39,008	286,125	508,454	904,714
1927..	22,923	40,541	34,948	296,073	518,577	913,062
1928..	22,297	42,080	34,761	292,772	517,313	909,223
1929..	25,976	43,412	39,919	313,695	509,208	932,210
1930..	18,025	35,015	31,936	240,336	417,785	743,097
Totals, 7 years.. ..	159,666	285,662	250,332	1,978,816	3,424,571	6,999,047
1931..	11,414	24,029	22,189	161,614	293,224	512,470
1932..	10,162	19,932	21,202	138,042	247,684	437,022
1933..	12,731	24,920	20,880	138,892	280,814	478,237
1934..	12,997	26,512	24,867	182,095	304,733	551,204
1935..	13,259	27,264	25,402	175,074	315,256	556,255
1936..	15,765	29,039	30,408	189,970	360,329	625,511
1937[1]..	12,870	27,932	26,517	191,510	357,201	616,030
Totals, 7 years.. ..	89,198	179,628	171,465	1,177,197	2,159,241	3,776,729

[1]Preliminary.

ELEVATOR CHARGES

Mr. PERLEY.

What are the elevator charges for storage of grain at the different ports or points where the government own and operate elevators?

Mr. EULER:

Elevator charges for storage of grain at ports or points where government own and operate elevators

Location of elevator—Storage rate—All grains

Churchill, Man. (1)—1/25 cent per bushel per day from August 1 to October 8; 1/90 cent per bushel per day from October 9 to July 31. On grain in store on October 9 and grain delivered between October 9 and November 30 in same year total storage charge up to and including August 31 of following year is 1 cent per bushel.

Halifax, N.S.—Export grain summer, 1/90 cent per bushel per day; winter, free storage 1st December to 1st May. Domestic grain: 1/40 cent per bushel per day. Maximum storage charge on export grain from 2nd May to 30th Nov. is 1½ cent per bushel.

Quebec, Que.—Summer, 1/40 of 1 cent per bushel per day. Storage rate not levied on export grain for summer period. Winter 1/90 cent per bushel per day. Maximum storage charge from 2nd Dec. to 30th April is 1 cent per bushel, on export grain.

Montreal, Que.—Summer, 1/40 cent per bushel; winter, 1/90 cent per bushel. Maximum storage from 2nd December to 30th April 1½ cent per bushel.

Prescott, Ont.—1/60 cent per bushel per day. Maximum storage charge from 1st December to 30th April 1½ cent per bushel, on export grain.

Port Colborne, Ont.—1/50 cent per bushel per day. Maximum storage charge from 1st December to 30th April 1½ cent per bushel, on export grain.

Edmonton, Alta., Calgary, Alta., Moose Jaw, Sask., Saskatoon, Sask., Lethbridge, Alta., (2)—1/60 cent per bushel per day.

(1) At Churchill the rate for handling mixed grains is 2/30 cent per 100 lbs.

(2) At the government interior elevators the rate for handling mixed grains is 1/30 cent per 100 lbs.

BUTTER PRODUCTION AND CONSUMPTION, 1934-38

Mr. BLANCHETTE:

1. How many pounds of dairy butter were produced in each of the provinces in the calendar years 1934, 1935, 1936, 1937 and 1938?

2. How many pounds of dairy butter were consumed in each province during each of the said years?

Mr. EULER:

1. Dairy butter production in Canada, by provinces—

	1934	1935	1936	1937	1938
Prince Edward Island	1,950,000	1,872,000	1,862,000	1,732,000	
Nova Scotia	6,277,000	6,591,000	6,500,000	6,455,000	
New Brunswick	7,456,000	6,710,000	6,674,000	6,260,000	
Quebec	14,765,000	14,174,000	14,099,000	14,494,000	Not
Ontario	32,715,000	31,407,000	31,240,000	31,365,000	
Manitoba	9,240,000	10,434,591	10,500,000	10,200,000	avail-
Saskatchewan	21,500,000	24,330,673	24,400,000	24,200,000	
Alberta	13,400,000	15,922,735	16,000,000	15,600,000	able
British Columbia	2,615,000	2,720,000	2,751,000	2,778,000	
Canada	109,918,000	114,161,999	114,026,000	113,084,000	

2. Butter consumption figures include both creamery and dairy butter. Separate estimates cannot be made without knowing the quantities of each kind exported and imported; but since very little dairy butter enters into commercial trade channels, it may be assumed that practically all the dairy butter produced in Canada is consumed in Canada.

QUESTIONS PASSED AS ORDERS FOR RETURNS

VAL MARIE, SASK., COMMUNITY PASTURE

Mr. PERLEY:

1. Was a community pasture established at Val Marie, Saskatchewan?

2. If so, what was the extent of the pasture, the number of miles of fencing, and the cost per mile?

3. Was it done by contract?

4. If so, who was the contractor, and what were the number of men employed?

CANADA-UNITED STATES CORRESPONDENCE ON WATERWAYS

Mr. CHURCH:

Will the government lay on the table of the house a copy of all correspondence with and all other material from the government of the United States, or any other person or persons, since the last session of parliament, with reference to: (a) the Chicago diversion of waters; (b) the St. Lawrence waterway?

GOVERNMENT BUILDINGS AND PROPERTY IN OTTAWA

Mr. HEAPS:

1. What buildings are owned by the government in the city of Ottawa?

2. What is the assessed value of each of such buildings?

3. What is the assessed value of the land on which each such building is located?

4. What vacant sites, or parcels of land, are owned by the government in the city of Ottawa?

5. What is the assessed value of each such site, or parcel of land?

PRAIRIE FARM REHABILITATION ACT—EMPLOYEES IN SASKATCHEWAN

Mr. PERLEY:

1. How many persons were employed in the offices under the Prairie Farm Rehabilitation Act in the city of Regina during the year 1938?

2. How many were employed under the said act in other parts of the province of Saskatchewan, during the same year, including directors, supervisors, superintendents, engineers, instrument men, draftsmen, land investigators, soil specialists, agricultural advisers, agricultural supervisors, and agricultural assistants?

3. What are the names, home addresses, salary and expense allowances of each of these employees?

4. How many of the above operate cars?

5. What were their respective expenses for operating cars during the year 1938?

6. How many cars, new or used, were purchased or rented during the year 1938 for the use of the employees under the Prairie Farm Rehabilitation Act in the province of Saskatchewan?

7. From whom were such cars purchased and/or rented, and at what prices?

DOMINION GOVERNMENT PORT EXPENDITURES

Mr. PERLEY:

1. How much money has been spent by the dominion government in developing the ports of Churchill, Port Arthur and Fort William: (a) since confederation; (b) each year since 1930 to date?

2. How much revenue has the government received from the capital expenditure: (a) since confederation; (b) each year since 1930 to date?

3. How much has been spent by the dominion government in developing the ports of Toronto and Hamilton?

4. How much of the expenditure was charged to the Toronto harbour commission and the Hamilton harbour commission, respectively?

MOTIONS FOR PAPERS

RICHIBUCTO, N.B., FORBES WHARF

Mr. BROOKS:

For a copy of all payrolls for the year 1938 in connection with repairs to Forbes wharf, so-called, Richibucto, Kent county, New Brunswick.

CANADIAN NATIONAL RAILWAYS—COAL SUPPLY

Mr. ESLING:

For a copy of all letters and other correspondence from coal mine operators and others in the maritime provinces quoting prices to Canadian National Railways for supply of coal during the years 1937 and 1938.

Mr. HOWE: This motion asks for correspondence between the Canadian National Railways and coal mine operators, and has to do with purchasing for the Canadian National. This type of correspondence is never brought down.

Motion dropped.

FINANCING OF PRAIRIE PROVINCE SEED GRAIN

Mr. DOUGLAS (Weyburn):

For a copy of all correspondence, letters, telegrams and other documents exchanged between any minister or department of the government and the provincial governments of Manitoba, Saskatchewan and Alberta, with respect to the procuring or financing of seed grain for the 1939 crop.

ALBERTA WHEAT—MARKETING INSTRUCTIONS

Mr. MacNEIL:

For a copy of all shipping instructions issued by the Canadian wheat board, relating to the movement of Alberta wheat during the current wheat marketing year, via eastern or western routes.

Mr. EULER: I ask that the motion stand.

Motion stands.

WANHAM, ALTA., STATION MAIL CONTRACT

Mr. PELLETIER:

For a copy of all letters, telegrams, recommendations and other documents in the possession of the Post Office Department, concerning the termination of a contract for handling the mail at Wanham railway station, and the appointment of a new contractor.

CROP INSURANCE

APPOINTMENT OF COMMITTEE TO CONSIDER A WORKABLE SCHEME FOR THE PRAIRIE PROVINCES

Mr. G. W. McDONALD (Souris) moved:

That, in the opinion of this house, a special select committee be appointed to investigate and report on the possibilities of endorsing a workable scheme of crop insurance for the three prairie provinces, such scheme to become operative for the 1940 crop season.

Mr. SPEAKER: Before the hon. member proceeds with his motion it is my duty to direct the attention of the house to the scope of the resolution. I do not know what the hon. member wishes to discuss with reference to the motion, but last week there was a debate in which the hon. member for Bow River (Mr. Johnston) discussed all matters pertaining to the wheat situation. A declaration of policy was made by the Minister of Agriculture (Mr. Gardiner). The rule with reference to questions of this sort is to be found in Beauchesne's Parliamentary Rules and Forms, citation 304, and also in May, thirteenth edition. I quote from May, page 316:

It is a wholesome restraint upon members to prevent them from reviving a debate already concluded; and there would be little use in preventing the same question or bill from being offered twice in the same session, if, without being offered, its merits might be discussed again and again.

Hon. J. G. GARDINER (Minister of Agriculture): Before you give your ruling, Mr. Speaker, I do not think that crop insurance has been discussed at any time during the present session. We have been discussing the price of wheat and a number of other matters involved, but the question of crop insurance is entirely new.

Mr. SPEAKER: I was afraid that the debate might take on a wider scope and that we might have a repetition of what had been said before.

Mr. GARDINER: I think it would be well to hold them down to crop insurance.

Mr. McDONALD (Souris): During the past ten years agriculture in the western provinces has suffered very severely from drought and from crop failures. These failures were due principally to drought, rust, grasshoppers and other handicaps; in fact, everything that could happen to crops has taken place in those three western provinces. The question might very properly be asked, why do you not include all crops? I can easily understand that, and I do not intend that crop insurance should apply to any province or section that does not wish to have it. I have been asked, however, by the United Farmers of Manitoba in the constituency which I represent, to bring this resolution before the house, and accordingly I do so.

Naturally we in the west talk a good deal about our wheat, wheat prices and crop failures. Wheat occupies a very important place in the agricultural life of this country. It was perhaps news to many who attended the western wheat conference in Winnipeg last December that there were 58,000,000 acres of land under cultivation in Canada, of which 40,000,000 acres are in the three western provinces. That shows the importance of crop insurance as far as western Canada is concerned.

I should like to give a few more figures to illustrate the importance of wheat growing in the west in the economic set-up of this country. It has been stated from reliable

sources—it was so stated at that conference—that the revenues of the western provinces during those years dropped by over $2,500,000,000. Hon. members can easily understand the impossible position in which western farmers are placed by severe crop losses accompanied by the lowest farm prices ever known. In 1929 the farmers of those three western provinces were able to buy $384,000,000 worth of goods, but by 1933 they were able to buy only $80,000,000 worth. Surely the effects of that decline were felt all over the country. Ontario and Quebec would certainly know that there was something wrong in the west.

We could paint a very dark picture of conditions in western Canada; in fact it would be only honest to say that some of us were beginning to despair of conditions in those provinces; we felt that we had grown wheat and other grain in that part of the country so long that the time had come that we could no longer do so. But that is not true. We had produced 540,000,000 bushels in one year; in another year the crop dropped to 169,000,000 bushels, and we had almost come to believe that western Canada had seen its best days. But last year we grew over 350,000,000 bushels. As one who has gone through the depression and seen Manitoba and the west at its worst as well as at its best. I am sure that with the rehabilitation scheme which this government is carrying on there this country will yet produce great crops of grain. Some sessions ago I heard the Right Hon. R. B. Bennett tell this house that in the growing of wheat wealth can be produced much more rapidly than by any other industry, not excepting gold mining.

Mr. SENN: Will the hon. member permit a question? Does he not intend crop insurance to apply to other grains as well as wheat?

Mr. McDONALD (Souris): I mention wheat because it is the principal product of the west, and because in the little study I have made of crop insurance it was advised that we should first take one particular commodity. In the west it would be wheat; in the east it might be tobacco or corn or some other commodity. I should have made that explanation earlier. This resolution could apply to any crop, any farm product to which any section of the country might desire to apply it.

Farmers in the west during this depression have received much advice from every section of this country—from bankers, railwaymen, manufacturers; and there is nothing wrong about that, because the subject is important enough to deserve the most serious consideration. Anything that affects the income of more than half the population of Canada certainly deserves the serious consideration of this house. We believe the time has come to try to safeguard or stabilize in some measure the revenue of the farmers. It is good business for this house and the country to study any possible method of improving conditions on the farm. With my hon. friends who champion the cause of industry I have no quarrel whatever. We have splendid industries in this country, but what good will it do to build up the finest industrial machine if back in the country the great masses of the people are not able to buy manufactured goods? There is at present very little buying power in the place where it should be. There never was such a potential market as there is now in this country if the people only had the buying power.

I am not going to introduce the money question; I do not think it belongs here, although it could very well form part of this discussion. There are two sides to the question: there is that of trying to safeguard the production, and that of doing something to stabilize prices. To-day in parts of western Canada capable farmers know that even if they sow good seed in well cultivated land there is no assurance of a crop, and if they get a good crop they are not sure of the price. That is the impossible position in which the western farmer is placed. What are we going to do about it?

It may be asked, why does the farmer not move out? Well, it cannot be done; people have built their homes there. Settlement in the west was encouraged; for many years it was the settled policy of this country to open up the west. The gates were thrown open and great numbers of people were encouraged to go to western Canada. During the war we urged those people by every means to produce, produce, produce, as a patriotic duty. They did so. Western Canada produces the finest wheat in the world, as well as other grains and farm products.

If we are going to discuss wheat at greater length when the Minister of Agriculture brings down his bill I shall not take the time of the house now to speak further of the value and importance of wheat growing in this country. But I should like to give a few figures relating to Saskatchewan. Comparing the years 1929 and 1933, the decline in farm production was only six per cent, but the decrease in prices was 63 per cent. For purposes of comparison let us take other commodities closely allied with the buying needs of the farmer. For example, the decline in the price of farm

implements was only 16 per cent, but production dropped 80 per cent. In cement the volume of production dropped 80 per cent, but the price dropped only 18 per cent. Iron and steel prices dropped only 20 per cent but volume of production decreased 83 per cent. Is it fair, is it honest, that the farmers of this country should be compelled to go on producing with a decline of 63 per cent in the price of their product, when the manufacturer of farm implements takes a reduction of only 16 per cent, iron and steel 20 per cent, and cement 18 per cent? Of course I know that in respect of some other commodities the decrease in price was greater.

Let us look at some of the conditions applicable to good crop insurance. The people of Manitoba are studying crop insurance at the present time. Saskatchewan has given considerable study to the question; the United States has made an extensive study of it, and we in this house must do likewise in view of what the Minister of Agriculture has announced, because I feel certain that the government intends to bring in something in the nature of crop insurance, we hope at this session.

We should not continue the present policy, because it has placed the farmers of the west in such a position that they see very little hope for the future. The effect of the paralysis of the purchasing power of the west will be felt in every part of the country; it cannot be confined to the west alone, any more than a disease which may attack one part of the body can be confined to that part only. For that reason we should do what we can to correct this situation. I believe we should look into the feasibility of crop insurance in an endeavour to safeguard the farmer as far as possible against factors which are beyond his control. Certainly the farmer cannot control the weather, which has so much to do with the production of crops. Certainly he has very little to say about the fiscal policies of any country other than his own, in order that he may maintain a decent standard of living through the sale of the goods he has produced. Industry has been able to safeguard itself by insurance. We have all kinds of insurance—life, automobile and hail insurance—and by the way that is the only crop insurance we have ever had in the west; any other crop insurance plan ever tried has failed because we have not had sufficient information to give the insurance companies a proper basis on which they could fix the cost of such insurance.

As I mentioned a moment ago, industry is able to protect itself through insurance, and the farmer will have to do the same thing if he is to survive. It is expected that some time in the future this government will introduce a system of unemployment insurance, which I feel reasonably sure will not apply to the farmer, if we are to judge from the legislation that was introduced by the previous government. For that reason the farmer has every right to ask for crop insurance in order that he may receive the protection that industry will receive by way of unemployment insurance, workmen's compensation and other insurance plans that have been devised to safeguard industry and the workers in industry.

In the beginning we should have the simplest possible crop insurance plan, because that is the only way we can gain practical experience; and I think that insurance should apply to some principal crop. We cannot have it apply to every crop; we must take the most important one, wheat. The contracts should be very clear and simple, and should not be open to dispute. In addition, no form of crop insurance should encourage poor farming. We have no right to introduce into this house a bill that will have the effect of making the farmer look more to his crop insurance than to better methods of farming. We must avoid that very real danger. The amount of insurance should be arrived at scientifically; we should have all the information as to the type of soil, what it has produced in the past, what kind of farmer the man is, and all the rest of the data necessary to show the physical value of each farm, and we should not insure to the extent of more than seventy-five per cent of that amount.

Then there is the question of the collection of premiums. From the resolution I have introduced it might be surmised that we wanted the government to do this free for the three western provinces. That is not the idea of crop insurance, though in view of the present position of the western farmer the government at first would have to do that. We have many farmers in the west who would be pleased to pay their own premiums, if they could once get started; but in instituting such a scheme I suggest that the government take at least a portion of the premiums, if not all, in the form of wheat or some other farm product, particularly in a year when there was a large crop. That would have the effect of taking a large part of the surplus off the market, and would help stabilize prices. It would have a double benefit; it would help the farmers finance themselves and would help the government put the farmers in the position of being able to pay their own premiums. After all, any industry that is worth while should stand on its own feet.

I have touched only a few of the principal features of crop insurance. There is one other point I should like to mention, however, and it is this. In years when we have large crops, such as we had this year in many parts of western Canada, the municipalities could do a great deal to help themselves if they would build municipal elevators in which part of the crop could be stored. Why do I advocate a scheme of that kind? I do so because every year we have had a crop failure the farmers have had to come and ask this government to provide seed and feed, and in almost every case when the farmer came to pay back the advance it has taken three bushels of wheat in the fall to pay for one bushel of seed obtained in the spring. That being so, I believe something should be done by way of storing grain, not in commercial elevators, so that it may be available in time of need. The cost of providing feed, seed and direct relief in western Canada has brought bankruptcy to most of the municipalities, placed a heavy burden on the provinces as a result of which they are unable to finance themselves without the help of this government, and placed a heavy strain upon the finances of the federal authorities. At the conference held in Winnipeg last December it was stated that $900,000,000 had been spent on relief. We cannot continue under present conditions, and it is for that reason I now bring the subject matter of this motion to the attention of the government.

Motion agreed to.

NATIONAL HEALTH

PROPOSED CONSTITUTIONAL AMENDMENTS TO PROVIDE HEALTH EXAMINATIONS AND TREATMENT FOR DISEASE

Mr. DANIEL McIVOR (Fort William) moved:

That, in the opinion of this house, the government of Canada should try to secure amendments to the British North America Act, to provide periodical health examinations and provision for suitable treatment for all those suffering from disease.

He said: Mr. Speaker, the resolution appears in its present form so that it may not be called by a false name and debated under some other head. We realize that as a dominion government we cannot go ahead without the cooperation of the provinces. Therefore we want to tell them, in the words of Dickens, that "Barkis is willin'."

I bring the resolution before the house, first, for the sake of the doctors, and, second, on behalf of the sick. I speak not from hearsay but from personal information and from what I have seen in Saskatchewan, Manitoba and around the head of the lakes. The worthy hon. member who has seconded this motion (Mr. Howden) used to take me out under his wing, especially on a Sunday night when he had a few calls to make, and in that way I was permitted to see and to understand for myself. I saw both sides of the case. I can see that doctor, on my advice and invitation, visiting the home of a man, the father of five children, who could not pay five cents to the doctor. The father was suffering from a severe foot infection, and as a result part of it had to be cut away. I can still see that man sitting with his foot in a pail of hot water. I can still see that worthy doctor taking the foot from the water, and handling it as if it were a tender baby. Who would pay him? I say that sort of thing is not fair. It has been said of that doctor that at one time the community in which he lived owed him $75,000, and, if I may be permitted to use the doctor's own plain language, he would not "get a blamed cent of it." No doctor whose services may be worth $50 to $70 a day should have to give them free of charge. We have great wealth in Canada and, as I said on another occasion, there ought to be enough for everybody. But there is not sufficient for all, because of the greed of some. Selfishness is perhaps one of the greatest causes of much of our suffering.

I can remember an occasion in northern Manitoba when a young doctor took me with him on a forty-mile drive. Taking his kit, he expected to perform some surgical work. When we arrived at our destination conditions were not very comfortable for him and were especially uncomfortable for the patient. However, working under difficult conditions, the doctor did the best he could, and the operation proved successful. Following his work we drove home, shooting some wild ducks and having our lunch on the way. I was present at an interview between that doctor and the farmer. The doctor's fee, to cover a forty mile trip and a surgical operation, was $17.50. When he was informed of the amount, the farmer objected. Then, as one might expect the doctor sat back and permitted the sky pilot to do the talking. I informed that man that for the type of operation which had been performed the doctor should receive $150. I said to him; "The doctor will not take a cent for his services because you have not appreciated what he has done in saving the life of your wife. Perhaps you think your wife was not worth very much." Some time after that however the man had a good crop and was able to make a payment.

I am sure there are medical men in the house who come from centres where during the depression—and the same may apply even now—they received very little for their services. That would be true especially in relief cases. I could take hon. members to a home in Fort William where a doctor had been called to attend a sick child. As it was not expected to live, I, too, had been called. As one might expect, the minister beat the doctor to it. I can still see that doctor—and I do not mind giving his name; it was Doctor McCartney, a very fine type of returned soldier—attending that child as if it were the most valuable thing on earth. Yet he could not get five cents for his work. I say, therefore, that the resolution is worthy of support, first, for the sake of the doctors.

May I point out, too, that it should be supported for the sake of the sick. I heard of a farmer in O'Connor district, near Fort William, who refused to go to the hospital for treatment because he did not expect to live much longer anyway, and did not wish to leave his family in debt. Undoubtedly he should have had treatment.

To my mind the two reasons I have submitted are sufficient to warrant the support of the resolution. I know the Minister of Pensions and National Health (Mr. Power) will give it his fatherly approval just as soon as the means are at his disposal. Prevention is the best kind of cure. Our doctors tell us that if patients could be treated in the early stages, the cost of illness would not be so great. We know however that the surgeon or doctor is called in only as a last resort, and that in many cases surgical operations are performed when it may be too late. The people hardest hit in this way are the greatest producers of wealth, namely the toilers, and especially the farmers. In some communities great difficulty is experienced in getting a doctor. For some time in a district east of Port Arthur the people have been trying to obtain the services of a doctor. They would pay part of the expense, and would find some other way to provide the rest of his salary, but so far however they have not been able to secure the services of a medical man. Under present circumstances medical attention costs them far more than it should.

I do not want to take much time in a discussion of this motion, because we want to hear from members in different parts of the house. I would say that one of the outstanding needs of our time is that of health examination, especially for those who are contemplating marriage. I believe the absence of such examination is one of the greatest causes of divorce. The doctors know more about that than I do, and they will be able to speak with authority.

I leave the matter now for the consideration of the house, because to my mind health examinations and treatment for those suffering from disease represent one of the outstanding needs of our time. From Cape Breton on the east to Vancouver on the west, and extending up into the northern country, periodical health examination and proper medical treatment are very necessary. I know it is difficult to get the money, but under present circumstances it is costing the country far more than it otherwise would.

Mr. J. P. HOWDEN (St. Boniface): Mr. Speaker, during the session of 1931 it was my privilege and pleasure to bring before the house the following resolution:

That, in the opinion of this house, a measure of federal state medicine would be in the best interests of the Canadian people.

It will be seen that I asked only for a measure of state medicine. Thirteen hon. members took part in the debate on that resolution, and, with the exception of two, I am happy to say that they were all favourably disposed. In fact one member on the government side, since deceased, sent me over a note asking me not to withdraw the resolution but to allow it to go to a vote. However, the leader of the government took exception to the resolution and set his face quite definitely against it. He indicated that if the resolution were accepted by the government it would mean that the government would be obliged to bring in state medicine in some form, and that the resolution, in the terms in which it then appeared, meant practically the sweeping away of all existing medical services in the country. In the following year I moved another resolution in the following language:

That, in the opinion of this house, the government should take into immediate consideration steps which would: (a) provide for periodic medical examination of the Canadian people; (b) afford medical relief for those suffering from disease.

This resolution was substantially the same as the one moved to-day by the hon. member for Fort William (Mr. McIvor). Under the circumstances it is not difficult for me to come to his assistance and support his contention by seconding his motion.

It is not my intention to spend a great deal of time in a discussion of the resolution; it speaks plainly enough for itself. It asks that the government secure authority to provide for periodical health examinations and to afford relief to those suffering from disease.

I would proceed first by asking the house: Is it desirable that we should have periodical medical examinations? We are told that thousands of people, in fact hundreds of thousands of people in this country die yearly from preventable diseases. We are told that between three and four per cent of the population of Canada are constantly sick and under medical care, and that medical services cost the people in the vicinity of $300,000,000 yearly.

What would be the advantage of periodical medical examinations? Speaking generally, I say that periodical medical examinations would discover, in the case of children, bad teeth, diseased tonsils, defective hearing and eyesight, scrofula, chorea, tuberculosis, and many other forms of disease which would have disastrous results in a short time or lead to more serious trouble later. Then in the case of adults, periodical examinations would discover tuberculosis, heart disease, the greatest destroyer of human life; hyperarterial tension, and many other conditions. So far as children are concerned, if these conditions are discovered in time, about ninety-five per cent of all cases can be corrected. The child may then go on in its healthful way, strong, intelligent, and rejoicing, whereas if the condition is not discovered in time, we may have a feeble youngster who has difficulty in fighting life's battles.

As far as adults are concerned, I think we are all indirectly familiar with the conditions which I have mentioned and realize that periodical medical examinations would be of decided benefit. This whole matter was summed up quite well in a pamphlet put out some years ago by the health league of Canada. It started off by stating what I have said, that many thousands of people die from diseases that could be prevented. It then goes on:

> There is one solution. Periodic health examination—a periodic and thorough overhauling by a competent physician. To induce people to adopt this solution is a task demanding prompt and constant attention of health authorities, thoughtful citizens, and statesmen.
>
> Disease strikes from coast to coast. It is a national menace and combating it a national problem. Dominion leadership is needed, because at present there is no uniformity of health management. In some places health is well safeguarded, in others, deplorably neglected. Cooperation between the dominion and the provinces in a concerted attack upon venereal disease has proven the value of maintaining a united front against disease. Not until this unity is achieved in attacking all diseases, can we expect a rapid change in the present unsatisfactory disease and mortality rates.

This deals at least in a brief and inefficient way with the first part of the resolution. Surely no one who considers the matter seriously can help but realize the benefit of health examinations, at least once a year or, even better, twice yearly. The people of all countries, particularly the people of the United States, are becoming more alive to the need of state help in the matter of health relief. In 1935 the United States government passed the social security act. I am not familiar with its provisions, but I understand it is a measure which affords relief in many forms to the people of that country. I believe it provides relief for the unemployed, relief by way of public and health services, relief to expectant mothers, child relief, and so on. The President of the United States, realizing that many of the services provided by this act as emergency measures would become permanent once the act had been put into force, created a so-called interdepartmental committee and instructed it to coordinate the health and welfare activities. The chairman of the committee is Miss Josephine Roche, formerly assistant secretary of the treasury; the other members are the undersecretary for agriculture, the assistant secretaries of interior and labour, and the chairman of the social security board.

The social security board, in assuming its duties, asked the technical committee on medical care to investigate health and welfare conditions in the United States. The technical committee on medical care made an intensive study of health activities and summarized its findings in a report which was presented to the interdepartmental committee, which in turn passed it on to the president. The president recognized the urgency of the needs described in the report and suggested that the interdepartmental committee lay the technical committee's report before a public health conference. As a result, a national health conference was called, which assembled at Washington in July, 1938.

Five recommendations were laid before the health conference at that time. I believe those five recommendations are well worthy of the consideration of hon. members of this house, and with your permission, sir, I am going to quote some of them.

The first recommendation was that the existing federal-state cooperative program for general public health services and for maternal and child health services be further extended through enlarged grants in aid to the states. Under this recommendation the committee first proposed an expansion of general public health services. Prevention must always be regarded as the first step in health programs. The expansion of the preventive health service means the strengthening and expansion of organized public health services which are

furnished primarily in the states and in local communities. Federal participation should be increased with a view to equalizing the public health services throughout the nation by strengthening such services where they are weak.

The committee further proposed that there be increased federal participation in public health services particularly in promoting an attack on certain important causes of sickness and death, for the control of which we already have effective weapons. I do not know that I need dilate on these various forms of sickness. Although they are not specifically stated, they are definitely hinted at. Certainly tuberculosis is one of them, and transcending even tuberculosis in importance I think is venereal disease, particularly syphilis. Members of this house are probably aware that last year the United States congress passed a bill providing for a federal expenditure of $5,000,000 the first year and $7,000,000 the second year, and such further sums as might be required for the balance of a ten-year period, for the purpose of fighting venereal disease alone.

The committee's recommendation calls for a careful but steady expansion towards a ten-year goal, when an adequate program of expanded public health services would require additional expenditures by federal, state and local governments of about $200,000,000 a year, or about $1.50 per capita. So that the first part of the first recommendation of the national health committee involved in expansion of public health services alone the sum of $200,000,000 a year.

The second part of the first recommendation deals with the expansion of special maternal and child health services. The committee proposed an expansion of the federal-state cooperative program already developed under the social security act. The goal is to assure to the mothers and children of all income groups and in all parts of the United States at least the minimum medical services which are essential to a reduction of the needlessly high maternal mortality rates and death rates among newborn infants, and to prevent diseases and conditions which occur in childhood and lead to serious disabilities in later life. If all of this were undertaken the program would require by the tenth year a total additional expenditure of about $165,000,000 a year. That is to say the first recommendation entailed an expenditure by the United States of $365,000,000 a year for public welfare and maternal and child welfare.

The second recommendation was this—and my reason, Mr. Speaker, for discussing this program in some detail is that it is such a comprehensive program of national health; if by any far-off chance we could embrace such a program in this country, we should indeed be considered a very fortunate people. The second recommendation was concerned with federal grants in aid for the construction of needed hospitals, and for the provision of temporary maintenance grants in the first three years after these new hospitals are built, in order to assist the local communities in taking over the responsibility for using and supporting them. The committee's studies show that the states need about 360,000 additional beds—taking into account beds needed in general, tuberculosis and mental disease hospitals, in both rural and urban areas, and that they need at least 500 health and diagnostic centres—no doubt comparable to our district health units in Canada—in areas not readily accessible to hospitals or not sufficiently populated to require or to be able to support fully equipped hospitals. Improvement and modernization of existing facilities is, of course, included. Averaged over a ten-year period, the total annual cost of this program, including both construction and temporary maintenance, is estimated at a little under $150,000,000.

The third recommendation calls for federal grants in aid to the states to help them meet the costs of a medical care program, and this is the one I wish particularly to emphasize. It is a medical care program for recipients of relief or public assistance and other persons with low incomes who are able to meet the ordinary costs of living but not the extraordinary costs of illness. That to me, Mr. Speaker, is the hub of the whole thing. I believe that about sixty per cent of our population in Canada receive incomes of less than $1,000 a year. While I do not wish to rehash what has been said before, it must be evident to every hon. member that the family man who is not earning more than $1,000 a year will need to use every cent of his income to provide for his family and himself, and naturally he does not put away any money for sickness. When sickness comes it is a burden which he is little able to face, and if he is an honest man and insists upon paying his way, it certainly leaves him in a sad financial condition for a long time to come.

The facts brought to the attention of the committee show that the one-third of the population which is in the lower income brackets is receiving inadequate medical service in the United States. I think the same holds here. This applies to more than 20,000,000 persons who are supported by general relief, work relief, old age assistance and

other forms of public aid, and to about 20,000,000 other persons and families with incomes of $800 a year or less. These 40,000,000 are doubly handicapped. They have higher rates of sickness and disablement than prevail among groups with larger incomes, and they have less capacity to buy and pay for the services they need. Current provisions for medical services are inadequate to meet their needs. The committee recommended that the federal government assist the states from grants in aid to strengthen medical services for these two particular groups of the population.

The fourth recommendation, presented as complementary to the third, called for grants in aid to states to enable them to set up a general program of medical care, either by the use of taxation or by state health insurance programs, or by a combination of the two.

The first three recommendations took account of general or special preventive services, hospital construction and modernization and services for the medically needy. The fourth recommendation turns to the problems of persons who are ordinarily self-supporting. The committee directed attention to the economic burdens created by sickness, especially among low income groups, and concluded that there is need for measures which will enable people to anticipate and to meet sickness costs on a budget basis.

Without great increase in total national expenditure, the burdens of sickness costs on families and on the public can be greatly reduced through arrangements to distribute these costs among groups of people and over periods of time. The more adequate prevention and care thus made possible would lessen both individual disasters and the public burdens arising from dependency.

The committee recommended consideration of a comprehensive program designed to increase and improve medical services for the entire population. To finance the program, two sources of funds could be drawn upon: general taxation or special tax assessments, and specific insurance contributions from the potential beneficiaries of an insurance system. The committee recommended consideration of both methods, recognizing that they may be used separately or in combination.

Though this fourth recommendation deals primarily with medical care for self-sustaining persons, the committee recognized that it would be unsound for the states to develop for the self-supporting population medical care programs which are separate and apart from whatever the states might develop for needy persons. Accordingly, the committee proposed that while the fourth recommendation deals primarily with state medical programs for self-supporting persons, a sound state plan should make provision for the care of the needy persons under the same system that is developed for the self-supporting.

I think the fifth and last recommendation is also worthy of notice. The fifth recommendation proposed that federal action be taken toward the development of disability compensation—that is, benefit payments to insured workers who are temporarily or permanently disabled. This recommendation contemplates insurance against loss of wages on account of disability.

Under the present social security program, millions of workers may count on some continuance of partial income in lieu of their regular wages when they become unemployed and are able to work. Under the workmen's compensation laws, most of them are protected against wage loss resulting from accident or injury arising out of employment. But generally they have no protection against wage loss resulting from non-industrial sickness or accident. A limited number of workers do have some such protection through voluntary insurance schemes, commercial or non-profit, but they are a small minority in the total.

There is good reason to believe that insurance against disability can best be treated not by a single insurance system but by two systems closely coordinated. There is, first, the problem of the temporarily disabled worker—the worker who has an acute illness and for whom there is every reason to expect that, after a few weeks or a few months, he will recover and return to work. There is, second, the problem of the permanently disabled worker—the worker who, by reason of crippling or chronic illness, will probably never again be able to enter gainful employment.

Temporary disability compensation, with a substantial waiting period—seven, ten or fourteen days—with benefits calculated at fifty per cent of wages for a benefit period of at least twenty-six weeks, would cost approximately one per cent of wages. The cost should probably be divided between employers and workers, though a share of the cost might be carried by general taxation. Such an insurance system would normally be financed on an annual fiscal basis, involving no reserves other than for operating and contingency purposes.

Permanent disability insurance, with benefits geared to old age and survivor's benefits, would probably cost two-tenths to three-tenths of one per cent of wages in the earlier

years, but as time went on the cost might be expected to rise, depending on the extent of the benefits provided and numerous other factors. This type of insurance could be established by liberalizing the present federal old age pension system.

There we have a comprehensive system of national health insurance. It provides for an extension of public health services and maternal and child welfare work; the building of needed hospitals, the institution of district health units in various parts of the country; health service for those on relief and families which cannot afford to pay for it. It offers a form of health insurance to families which would have great difficulty in meeting the cost of large and extended medical services. Lastly it provides protection for workers who are unemployed, and for people who through chronic illness, crippling or old age will be permanently unemployable. It is an important, comprehensive and complete system of health insurance. It has been submitted by the President of the United States to the various states and organizations throughout the states. It has in fact been the subject of heated and vitriolic debate in that country. But there can be no question in the mind of any sane and honest individual who has the welfare of his country and his fellow citizens at heart that the adoption of a program of this kind would be eminently desirable and to the advantage of us all.

Inasmuch as the motion of the hon. member for Fort William practically requires state health insurance—for it is useless to provide for periodical health examinations if relief is not provided where sickness is found to exist—it is not necessary to abolish the health service we have at the present time. We have an excellent health service, extensive hospitals, and a sound and efficient practice of medicine. A large majority of the medical practitioners are philanthropically inclined; they are serious and able. We have health units pretty well spread over the provinces of Quebec and Ontario and finding their way through Manitoba, Saskatchewan and Alberta. Health and medical services are provided by many fraternal societies; the Kiwanis and other service clubs are doing an excellent work in supplying needed measures of medical relief. Sickness and life insurance companies provide a measure of nursing service in time of illness. The value of ordinary municipal health service is not to be ignored: school nurses examine the children from time to time and ascertain the nature of the illness that is keeping children at home. School children fortunately have the benefit of more than an examination, because according to law in most of our provinces the children are required to submit to inoculation against diphtheria and typhoid and scarlet fever, as well as vaccination against smallpox, and any disease from which they may be suffering is attended to immediately in order that they may return to school as soon as possible. The examination of school children therefore is a valuable service to the country, and we may look forward hopefully to the day when diphtheria, typhoid and scarlet fever will practically cease to exist, just as smallpox has been successfully eradicated.

This is all excellent work, but it falls far short of a general scheme of national health. The poor sick are always poor, and very often sick. They get the poorest medical attention, just as they receive the least consideration in other matters. I urge upon the federal government that they take this matter into serious consideration. All we ask is that they interest themselves in the health of the Canadian people beyond merely administering the Food and Drugs Act and looking after leprosy—which by the way I have never seen and never expect to see, and I am sixty years old—and a few other things that make no difference at all to the Canadian people. If this is all that is done, the federal health department might just as well not exist; and if it might just as well not exist, why not do away with it?

Mr. POWER: Hear, hear.

Mr. HOWDEN: I am glad to hear the Minister of Pensions and National Health say "hear, hear," for I know he is sympathetic to the health movement. I have little doubt that if he were to receive any encouragement from the government to which he belongs we should soon have a desirable system of care of national health.

In conclusion I ask the government to take the same degree of interest in the health of the Canadian people that is being taken by governments not only in the United States and Europe but in South America and Africa and every other country under the face of heaven.

Hon. R. J. MANION (Leader of the Opposition): I agree in general with the purpose of the motion of the hon. member for Fort William (Mr. McIvor) rather than with the method proposed by him for carrying it out. Having been many years ago a medical practitioner, I sympathize with the idea of greater care of the people's health. I realize that the hon. member for Fort William is moved in this matter by his sympathy and kindness of heart. Being a clergyman by profession, he has had much

experience, as all medical practitioners have, in entering the homes of the people and seeing the sickness and sorrow which is the lot particularly of the poor; and he feels that something should be done about it. With that feeling I think all hon. members will be in sympathy. One difficulty is the expense, in these times when governments are hard pressed for money, and another, which is at the present time almost insurmountable, is that of securing the necessary change in the British North America Act.

A good deal has been done towards the protection of the health of the people. I think the insurance companies, not only of Canada but of the United States and other countries, deserve much credit for their splendid work in encouraging their policyholders to undergo annual medical examination. For example, within the last ten days I had a thorough examination at the expense of an insurance company in which I have held a policy for some years.

Mr. LAPOINTE (Quebec East): The result was good?

Mr. MANION: Pretty fair; good enough at any rate, I may inform my hon. friend, that I think I shall be hanging around when the next election takes place.

Some hon. MEMBERS: Hear, hear.

Mr. MANION: I am glad my hon. friends are pleased.

Mr. POWER: I do not know whether or not the applause is flattering.

Mr. MANION: Well, I will take a chance on that. Without doubt the insurance companies have carried on this work in the hope that it would pay them to do so, though so far as I know they have been unable to prove as yet that this work has brought them any financial return. Recently, however, I saw some figures which indicated that in 1938 some six thousand people took advantage of the opportunity to get medical examination at the expense of the insurance companies in which they held policies. That is a large number of people. Some of the diseases which may be discovered by these early examinations, even at a time when the patient may seem to be in reasonably good health, are cancer, tuberculosis, diabetes, Bright's disease and heart diseases. There may be others that I have overlooked, but these five came to my mind. If I may give a little free medical advice to the whole house, a complete medical examination at least every year, and I should say every six months, is advisable for all men over fifty years of age. I hope that may make a little business for the medical profession, incidentally, though it will not be any advantage to me because I am not practising. Regular medical examinations every six months or every year would in many cases arrest the progress of some malady which might carry off a man or a woman if it were not discovered in time. The diseases I have mentioned may be discovered early in their development and, by proper treatment, their progress halted. The great leader of the Liberal party, Sir Wilfrid Laurier, the idol of my hon. friend the Minister of Justice (Mr. Lapointe), when a comparatively young man was discovered to have some defect in his health. I am not certain whether it had to do with his lungs or his heart, but I think he had what was described in those days as a weakness in the lungs. He was advised to take good care of himself. So well did he do that, despite the fact that he was a hard worker all his life, he lived to a ripe old age. If I may be forgiven for mentioning it, that is a good illustration of the advantage of the early discovery of an illness or disease.

So that even if a debate such as this does nothing more than stir up interest in the health of the individual, it accomplishes a great deal. At the same time it should not be forgotten that this whole question of periodical medical examinations is bound up with health insurance, old age pensions, unemployment insurance and other social services which in some countries at least are being progressively entered upon. Even England, which is far from being a socialist country, has gone in for social services to a greater degree, I think, than most other countries. Indeed, as I said in this house a few days ago, I think during the debate on unemployment insurance, we in Canada might do well to copy more of England's methods in such matters as social services. Canada is very far behind in all these matters, and we might well do more than we have been doing in caring not only for the health but also for the lives of our people.

The latter part of the resolution deals with state medicine, and I do not know that at the present time I would come out wholeheartedly for that. The last few words of the resolution are as follows:

—to provide periodical health examinations and provision for suitable treatment for all those suffering from disease.

That is really state medicine, and at the present time, as far as my information goes, the medical men themselves are opposed to that proposal. There are individuals, of whom I think the hon. member for St. Boniface (Mr. Howden) is one, judging from his remarks in this house on a number of occasions,

who favour state medicine, but I think the majority of the medical profession do not. To their credit be it said that in the years that have gone the medical profession have always been in the forefront when any proposal was made which would benefit the public.

Mr. HOWDEN: If I may, Mr. Speaker, I would inform my hon. friend that the house committee of the American Medical Association have accepted the first three and the fifth of those resolutions, but have discarded the fourth.

Mr. MANION: I thank my hon. friend for that information. I do not pretend to be up to date in regard to medical questions at the present time, but I think I am correct in saying that a majority of the medical men in Canada at any rate, and I believe in the United States, are not favourable to state medicine.

Mr. DUNNING: If my hon. friend would permit me—I will put it in the form of a question—is it not a fact that at present any province that so desired could embark on state medicine?

Mr. MANION: Yes; before concluding I was going to mention that of course this is at the present time a provincial matter.

I was going to say that the medical men themselves have originated all the advances that have been made in regard to public health. All down through the ages the medical men have been taking away from their livelihood by discovering new methods of treatment and giving them to the world. We can look back at practically all the discoveries in medicine, such as anaesthesia, antisepsis, antitoxin in diphtheria, the treatment of syphilis and various other treatments, and with only one exception that comes to my mind these discoveries have been given freely to the world, without any profit to the person who discovered them. There is another discovery that I overlooked for the moment; that is, the discovery of the insulin treatment for diabetes by our own Doctor Banting of Toronto. It is true that Doctor Banting did receive a reward; he was appointed as head of a research institute which is doing splendid work. But men in the medical profession, all down through the ages, have been discovering methods of treating disease and offering them freely to the world. The one exception that comes to my mind, though there may be others, is the discovery of 606 for the treatment of syphilis, which was patented so that the medical profession, and through them the patients, had to pay quite high prices for the treatment. It was discovered in Germany, and I do not say that with any desire to criticize the German people. I do sometimes criticize their present leader, but I have no criticism of the German people themselves. One other treatment I could have mentioned, perhaps, is the discovery of vaccination many years ago by a country practitioner in England. All the treatments I have mentioned, with the single exception, were given freely to the public, even though it meant that in giving them the medical profession were taking away part of their own livelihood.

I mention this only because it suggests that the fact that the majority of the medical profession oppose state medicine seems to me proof that this is not quite the proper time to institute such a system.

There is another method growing up in various parts of the world whereby medical men band together and form a sort of clinic. In consideration of receiving so much per month from a number of families, they care for them. There is really nothing very new in that, because I well remember that thirty years ago I was doing the same thing on a fairly large scale at the head of the lakes, the vicinity from which the mover of the resolution (Mr. McIvor) comes. The scheme was of an industrial type. I was looking after the employees of three or four very large corporations. I remember that one of them at one time had as many as 1,600 men employed. Regularly I made my morning visit to the plant at half past seven, and held my clinic before I began what I regarded as my regular day's work. This system is much the same as that which is being developed to-day. The employees in the plant paid one dollar a month, and in return received medical and surgical attention, drugs, ambulance service, hospitalization, and all that any man would require in respect of any illness.

Mr. DUNNING: The ancient Chinese system.

Mr. MANION: Yes, to a certain extent it was the ancient Chinese system, the system under which you keep the patient well. He pays you while you are keeping him well, and stops paying when you do not. As a matter of fact I think it is a rather good system. There is this about it, that they pay, whereas to-day a great many who become sick do not pay. From the point of view of the medical men I imagine they would much prefer a system under which all would pay.

One development which has been a great boon to the working man has been the introduction of workmen's compensation

boards. This system was introduced in Ontario I do not know how many years ago—it cannot be very many, because I can well remember that there was no workmen's compensation board in the early days of my practice.

Mr. MacNICOL: It was introduced by Sir James Whitney.

Mr. MANION: Yes. There was no workmen's compensation board in the first ten years of my practice. At that time if a man was injured and wished to secure damages he had to sue the company, and very often if he hoped to win he had to carry his case up through the courts. The companies worked on the principle that if an individual beat them in court they were placed in a disadvantageous position in respect of other accident cases. The operations of the workmen's compensation board have brought great happiness to the working man. It is a system which is now in force I believe in every province in Canada, although some of the provinces adopted it only recently.

As I say, the difficulty involved in the proposal of the hon. member lies in the attempt to change the British North America Act. The very fact that it is necessary to change the British North America Act to put into force a system such as this emphasizes the fact that health is really a provincial matter and not a dominion matter. While I might be very sad if the health branch were wiped out, because it is headed by a minister who is one of my very best friends in the house, and while I should not like to see him out of a job—

Mr. POWER: I shall have to deal with the soldiers for a while.

Mr. LAPOINTE (Quebec East): The pensions would remain.

Mr. MANION: Yes. But I have wondered sometimes if the dominion were not going outside its proper scope in dealing as much as it does with health matters. At the same time I believe it was the party to which I belong which brought the health branch into operation. I remember advocating the appointment of the first deputy minister, Doctor Amyot, and also the present one, Doctor Wodehouse.

I suppose, however, that the hon. member for Fort William does not expect the resolution to carry. I imagine he has accomplished his purpose in drawing the matter to the attention of the house. I have expressed my sympathy with the general idea. I imagine his resolution will receive the sympathy of many other hon. members, including that of the minister, and probably the hon. member will consider he has done all that he set out to do.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I think perhaps the form in which the resolution is presented is not very fortunate. However on behalf of our group I should like to associate myself with the principle which seems to underlie it. I would rather take exception to the last words of the leader of the opposition (Mr. Manion), that sympathy is about all that we need at this time. As regards a great many of these things I think the government ought to be pressed to take action.

Mr. MANION: I did not say sympathy was all you need. I thought sympathy was all you would get.

Mr. WOODSWORTH: That is a somewhat different matter. Recently the Health League of Canada presented an interesting brief to the royal commission on dominion-provincial relations. I shall take the liberty of quoting a part of the submissions which, it seems to me, summarize the situation:

1. That the cost of illness in Canada is so great that it imposes a very heavy burden on the community and on the individual.
2. That the direct cost falls largely on the provinces, municipalities and individuals.
3. That a very large proportion of illness is preventable.
4. That the discoveries in the field of preventive medicine are not applied to the task of preventing illness as they should be and that the amount of money spent on preventive measures is inadequate.
5. That the value of cooperation between the dominion and the provinces has been proven and has proved to be effective in the field of venereal disease control.
6. That this type of cooperation should be extended to other fields.
7. That there is nothing in the British North America Act which prevents cooperation and the development of coordinated action throughout the dominion.

I shall not go farther. The last paragraph brings me to the resolution itself, which urges that the British North America Act be amended so that the dominion might more thoroughly enter into this field. I am inclined to think that the Health League of Canada was nearly correct when it pointed out that there is really nothing in the British North America Act which is out of keeping with action along this line. Here again I would read from their brief in support of the contention that "(7) there is nothing in the British North America Act which prevents cooperation and the development of coordinated action throughout the dominion:"

Under section 91 of the British North America Act exclusive legislation of the par-

liament of Canada is extended to all matters coming within classes of subjects listed in this section. Subject No. 11 is quarantine and the establishment and maintenance of marine hospitals.

This is the only reference to health in the British North America Act.

I noticed it was taken for granted by the mover of the resolution that the British North America Act would have to be changed. It would appear that the leader of the opposition assumed the resolution could not be carried out without changes to the constitution.

Mr. MANION: Section 92 also refers to the subject.

Mr. WOODSWORTH: I will come to that. I quote the brief:

In section 92 exclusive powers of the provincial legislatures are defined. Subsection 7 assigns to the provinces the establishment, maintenance and management of hospitals, asylums, charities and eleemosynary institutions in and for the province and other than marine hospitals.

That refers to institutions only.

In view of the fact that in 1867 there were no departments of health and preventive medicine was scarcely thought of, this matter is not definitely taken up in the act.

Section 91 states: "It shall be lawful for the queen, by and with the consent of the House of Commons to make laws for the peace, order and good government of Canada, in relation to all matters not coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces."

In other words, all residuary matters may be dealt with by the dominion.

It would seem that there is no good reason why the dominion should not enter into full participation in any scheme for the promotion of health throughout Canada.

That seems to be a not unreasonable argument. I shall not go into the constitutional question at any length, but I think we have taken some of these matters altogether too much for granted. We have failed to recognize the developments which have taken place in more recent years.

As to the position of our own group, let me say that from the very inception of the Cooperative Commonwealth Federation we have emphasized the necessity of socialized health services. One of the planks in our platform is that there should be cooperation with the provinces in creating dominion-wide socialized health services. A pamphlet recently issued by the national council of the Cooperative Commonwealth Federation explains this as follows:

The dominion and the provinces have their ministers and departments of health. In the main, however, health services are a matter of private arrangement with the medical profession, though there are important exceptions.

[Mr. Woodsworth.]

Several provinces already have some municipal doctors, free tuberculosis sanatoria and cancer and other clinics. But these hardly touch the problem, let alone solve it. On the whole, adequate medical care is still a luxury for the majority of our men, women and children. In thousands of cases serious illness and even death could be avoided if the patients had proper medical attention in time. But most workers, farmers and fishermen can only afford to go to the doctor or even hospital when they become convinced that they can no longer delay with safety. The result is unnecessary and preventable suffering and loss of life.

In this respect, too, Canada is behind most countries. Some form of state medicine is already operating in many lands such as Great Britain, the Scandinavian countries and New Zealand. The Cooperative Commonwealth Federation urges the institution of socialized health services for all Canadian citizens and will endeavour to coordinate the work in the provinces on a dominion-wide scale.

That is what we propose and what we are bound to advocate on every suitable occasion. It seems to me that this resolution hardly goes far enough. It asks for periodical health examination and for the suitable treatment of all those suffering from disease. There is nothing specific in that. It is something which cannot be done effectively except by some form of state medicine. Sooner or later we shall have to come to that. The leader of the opposition, himself a medical man, suggests that a considerable number of medical men are opposed to this idea and therefore it is not a good time to advocate a measure of this kind. I am ready to admit that medical men have done a great deal to cure and prevent disease, but I do not think we should take their judgment in such a matter as this as absolute. Like all of us, they have their own professional interests to consider. For example, it was found that in Great Britain medical men were not among those who were most keenly in favour of medical reform, nor were they among those most keenly in favour of the extension of social services by the state. The same thing has recently been found to be true in New Zealand, and I believe also in connection with health services in certain provinces of Canada. I do not think we should be asked to accept as decisive the opinion of a certain group of the medical men. I realize that there are many medical men who are in favour of state medicine, but we should not take the temporary decision of certain members of this profession as final.

Like everyone else, medical men are apt to think in terms of the days when they began to practise and when individualism was more or less the rule. Times have moved on. The leader of the opposition has said that years ago we saw the beginning of a new development when many large industrial companies

introduced collective medical services. That is all very well for those who are at work, but I would point out that there are large numbers of our people to-day out of work. There are also large numbers who are receiving such small wages that except in the most extreme emergencies they cannot call a doctor with any hope of paying for his services. Under these circumstances some form of health insurance or state medicine becomes very desirable. Some medical men from the narrower standpoint may be afraid of all that may be involved for themselves or for their profession in this idea, but as in many other instances I think it will be found that they will gradually fall in line with the new conceptions with regard to matters of social welfare.

Somebody has raised the question of where the money is to come from. May I suggest that unless we revert to barbarism, sooner or later the money in any case will come out of the community. It takes a lot of money to support our hospitals and health institutions of all kinds. Surely it would be more economical if we could prevent people from becoming ill. As I said the other evening with regard to crime, I think a greater proportion of the expenditures for penitentiaries and hospitals should be made to prevent crime and disease. Unfortunately we need these institutions at the moment, but we must not lose sight of the larger needs.

This brings me to the third consideration I had in mind. I have spoken about the desirability of periodical health examinations, and I have said that sooner or later we shall have to come to some form of state medicine, which would include medical health insurance. Perhaps more important than these is preventive medicine. We are gradually beginning to realize the desirability of preventing disease. It seems to me that there is absolutely nothing in the British North America Act to prevent the dominion government from going further along these lines than it has hitherto. In the old days we had to fight against smallpox, cholera and many of the great scourges of the middle ages, but even to-day there are other types of disease which take a heavy toll. I hope the government will give careful consideration to what may be done under modern conditions along more modern lines.

Mr. T. J. O'NEILL (Kamloops): Mr. Speaker, I think practically all hon. members will be found to be in sympathy with the resolution introduced by the hon. member for Fort William (Mr. McIvor). We hear a great deal about dominion and provincial rights, about the British North America Act and as to whether we have a right to bring into vogue a system of state health insurance, but I think in the last analysis public opinion will be found to be the force that will bring about state health insurance.

We have a hospital in Kamloops which was going behind all the time. At every annual meeting of the board of directors attempts were made to find some means to help the hospital. One of the lady members of the board happened to visit a small town in Saskatchewan where they had hospital insurance. She brought back the idea to Kamloops, where the idea was adopted and proved to be a great boon, not only to the people but to the hospital. The hospital is now for the first time in many years beginning to pay its own way, and the people are able to get hospital treatment at rates they are able to afford. They pay one dollar a month, which includes hospital care for the entire family.

In British Columbia also the Canadian National and the Canadian Pacific have health insurance schemes of their own for their employees, who contribute $1.75 a month and receive free medical attention, free hospital treatment and free medicine. When these advantages can be secured by the employees of a railway I see no reason why they should not be provided in Ontario by the big manufacturing plants, where often you will find four or five hundred employees in one plant; or if you could not have such a plan in one plant, half a dozen plants could get together and make an arrangement with the doctors.

Further, in Ontario there is an organization formed by the doctors themselves, known as the Associated Medical Services Incorporated. In my opinion, a committee should be set up at this session to study this question in order to see if we cannot get the doctors to cooperate in formulating a plan for submission to parliament, which can then, if necessary, whip it into proper shape.

In British Columbia the provincial government made a conscientious effort to bring into force the state health insurance act which the legislature had passed, but it met with a great deal of opposition, and the opposition of doctors retarded the operation of the act. Therefore, I think it would be much better if we could get the doctors to formulate and submit to parliament a plan of their own, which parliament could use as a basis in enacting suitable legislation, than to have parliament initiate a plan the operation of which might later be blocked by the doctors. What I have said about the doctors in British Columbia I have said in no belittling sense. While they did not block the legislation, the

objections they raised were the greatest factor in retarding the operation of state health insurance in that province.

If nothing is done by parliament at this time to bring about state health insurance, at least every member, on his return to his section of the country, can try to get his constituents to adopt a scheme of health insurance and do the best he can to bring about state health insurance on a small scale in the local community, and then it will not be very long before public opinion will force this parliament, in spite of the British North America Act, if that should prove an obstacle, to enact legislation to bring into force state health insurance on a national scale.

Mr. JOSEPH NEEDHAM (The Battlefords): I shall say only a few words because I spoke to a similar resolution last year and I do not want to cover the same ground. I am speaking at the moment not as a medical man, but as one who has had a good deal of experience in the administration of a hospital, and I approach the question from the point of view of preventive medicine. In a hospital you come in contact with the individual who has been forced to undergo treatment in such an institution, and after he has left, you will perhaps hear one medical man saying to another: "If only that man had come to me five or six years ago I could have added ten or fifteen years to his life." But the reason why people do not go for an annual medical examination is largely a financial one; they are afraid of the cost. Some may be afraid that they will be told of some condition which they hope they do not have, and that deters people quite a bit from going to a doctor for medical examination.

I am in favour of this resolution, from the point of view of the hon. member for Winnipeg North Centre (Mr. Woodsworth), because I believe that more effective work can be done by cooperation between this government and the provinces. I am of the opinion that health is largely a provincial matter, and I believe that the provinces have gone and are going about as far as they possibly can in instituting state medicine. They would go even further if they had the necessary funds.

We have a minister of health in the dominion government, and in that way public health becomes a dominion issue. Reference has been made to what the municipalities are doing. Most of the provincial governments are placing responsibility on the municipality, leaving the municipality to look after the health of its citizens. They too are going just as far as they possibly can with the funds at their disposal.

[Mr. O'Neill.]

There is one phase of the matter which I wish to emphasize from the dominion point of view. The dominion evidently has a responsibility to every citizen of the state because it claims the life of every citizen if needed; in case of war, for example. We are expecting to have laid before us a large appropriation for defence purposes; I say that the surest and best defence that this Canada of ours can have is a strong healthy citizenship, and if we diverted some of the proposed defence appropriation to strengthening the health of our people I think we should have better results and there would be greater satisfaction throughout the dominion.

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Speaker, I want to say just a few words to show that I am in sympathy with the spirit of the resolution. I think we have come now almost to the time when the people do not care whether health is a federal or a provincial matter. What they do care about is that it is a human matter. One hears people talking everywhere about the necessity for state medicine or health insurance or some way of taking care of the sick.

Everybody knows that one serious illness in a family, and not necessarily a poor family but a family that you might call between poor and well off, is enough to cripple that family for years. I know one instance in my own riding where a boy, one of two sons, contracted a serious illness last July, and that one illness will actually cost those people all that they will make for years to come. We have heard a great deal about what the doctors do to assist poor families. Nurses also help. I could not help thinking of the nurse who took care of this case of spinal meningitis and saved the boy's life and mind at a great risk to herself. If she is paid, it will be because the family will make a superhuman effort to pay her. It is a large family, some of the children being only five or six, and it will mean that they will have to do without necessities in order to pay the nurse. Nurses as well as doctors render great service to families who are unable to pay for the service.

I do feel that the federal and provincial governments should get together and decide who is responsible, and then move as rapidly as possible towards some sort of health insurance or state medicine—I do not think it matters what it is called. But I do think we have come to the time when we want to pay the doctors and nurses to keep us well. That would cost less and result in much greater happiness. There would also be an economic gain because there would not be

so much interruption of work. Certainly it is the human and civilized way of going about the matter and the sooner we do it the better. No matter how much preventive medicine or health insurance we may have, that alone, while helpful, will not eliminate all the causes of sickness, because in some areas, whether in the country or in the city, where the people have not the proper variety of food, where their food is monotonous and is not the sort that is needed for healthy body-building, where they lack sunshine and air-flooded rooms, where there is no recreation or exercise of a kind to promote body-building, we are bound to have illness. So that much as I believe in doing something along the line of state medicine—and we shall not do it all at once—I suggest that there are other things that we shall have to do at the same time. We shall have to make changes in our whole economic and social set-up in order to do away with the great poverty from which so many Canadians suffer to-day.

When I was in Russia, I visited many of the free health centres, one type of which is called the mother-and-child clinic. In Canada we are accustomed to say a good deal against Russia, and I for one would not care to live there—I would rather live in Canada—but I was both delighted and surprised when I saw the care given to the health of the people. The whole of that vast country is covered by these clinics and various health centres. In one mother-and-child clinic I visited in Moscow I saw the children coming in. The mothers are taken care of through pregnancy and delivery; the child is brought to the clinic once a week until it reaches the age of four, and all this is done without cost to the individual or the family. The only cost involved is for some particular diet which the child may need, and if the parents are working and can afford it they are expected to provide it. If, however, parents cannot procure it, it is provided just the same. I went through the clinic, the house of a former prince, and at the back there was a receiving room. There were little individual compartments, something like telephone booths only larger, to which the children were taken. The doctor would look over the child to see whether it had any disease that could be communicated to children in the waiting rooms, and if it had the child was taken directly to its own home or to a hospital.

Another interesting thing I noted was that in the care of the child the same doctor followed its progress right through. In the mother-and-child clinic in which I spent a forenoon there were thirty-two doctors of whom twenty-eight were women, and the same doctor would take care of a child from birth to the age of four. It was not any doctor who happened to come along; the child's progress was watched by the same doctor throughout that period. There are many such clinics all over that vast city and over the still vaster country.

With regard to the observations of the hon. member for St. Boniface (Mr. Howden), I think many of these people who are ill should be getting some pay in the meantime if their minds are to be free enough to allow them to get well. In Russia when people are suffering from any illness, when workers, whether men or women, are sent to a sanatorium, they are paid the same wage as if they were at work so that they are not worried over their dependants during the illness of the bread-winner. That undoubtedly results in much more rapid cures than would result in Canada, where very often, when people are sent to a sanatorium, they do not know how in the world their families are going to get along, and they spend a good deal of time in worry which prevents them from getting well.

In connection with the great factories of Leningrad and Moscow, the majority of the doctors in the clinics attached to the factories are men, where the majority of the workers are men, and the majority of the doctors are women where the workers are women. We saw the crèche where the mother leaves the child while she is at work. There the child is brought up scientifically with the greatest of care. Its food is carefully inspected, its sleep and even the toys with which it plays are supervised.

Coming out of Russia we passed through Denmark and Sweden, and I met the deputy minister of health of Denmark, and an official of the department of health of Sweden. I learned something of the benefits that accrue to the people of Denmark and Sweden from their nation-wide health insurance scheme. The people contribute a little bit all the time, and when they are ill they receive the very best care in the hospitals for two kronen and a half, which would not be more than sixty cents, a day. They get complete care in hospital, and that is not only nursing but medicine and surgical care as well. They would not think of reverting to a condition without health insurance. It has become a part of their lives and they would not dream of doing without it.

I believe that in Canada we are in many respects away behind other countries, not only in this particular matter but in many others as well. There does not seem to be

the same sort of public responsibility for the care of the sick and more particularly for the prevention of sickness, and it is time we moved. Surely we ought to be able to do something this session. If we had asked to have a committee set up to study the question it would have been better, but at any rate it is time the government moved. That is enough to give them a temperature, but still it is time that they themselves took responsibility and moved in the matter of health insurance or state medicine or some form of preventive medicine to help take care of people when they become ill.

Mr. W. F. KUHL (Jasper-Edson): There is only one point on which I wish to place special emphasis. It is a foregone conclusion that we are all heartily in favour of providing more adequately for the health needs of the people of Canada, and it is also conceded by everyone that a nation can be strong only so long as its people are healthy and virile. These things should be and in fact they are taken for granted.

The point has been raised, and I think it is the only point in this whole discussion: How much will this health service cost, and how can we provide for it? There are two viewpoints from which we can look at the question. From the real cost point of view Canada can afford all the cost of providing the people of Canada with all health requirements; for, after all, what is the only real cost of providing or doing anything? It is human skill and energy, and physical material. In the final analysis that is the only real cost of doing anything anywhere. Surely it is obvious that Canada can provide all the things required to supply the people of Canada with all they need to raise their standard of health to the highest that is physically possible.

The financial side of the matter is merely bookkeeping. Surely if the people of Canada collectively can supply the real cost, it is the simplest common sense that we should set up a bookkeeping system, or so revise our bookkeeping system, that it will reflect what is physically possible for the people to do for themselves. What is the only real cost of building institutions? It is the building material—the brick, lumber, cement and whatever goes into the erection of the building—and the human labour to set it up. Certainly the people of Canada can provide all those things to erect institutions to care for the health of its people.

Furthermore, surely it is conceded that we have sufficient medical skill, sufficient doctors and nurses, or if not, they can be provided quickly. So from the real cost point of view the facilities necessary to provide for a high standard of health for the Canadian people can all be supplied. Then, why in the name of common sense should we not now arrange our bookkeeping system, our money system, to reflect these facts? That is the only real question in any problem that is raised in this parliament, or anywhere else. It would be conceded, I am sure, that physically we can solve almost any problem that faces this dominion. Every problem that is raised here eventually resolves itself into a question of finance, and until we set up an adequate financial or bookkeeping system it is in my opinion a waste of time to talk about these problems—

Mr. GOLDING: Then why talk about them?

Mr. DEPUTY SPEAKER: I ask the hon. member to confine his remarks to the motion before the house.

Mr. KUHL: Yes, I am not going to get into a discussion of financial policy; I am simply pointing out what the real problem is in the resolution under discussion. I say it is physically possible for the people of Canada to provide anything that this resolution calls for, and it is the responsibility of the governing body which has control of finance to provide a financial policy which will reflect the physical capacity of the people to provide for the fulfilment of their desire. I think I need say no more in regard to that. It is painfully obvious to everyone that the real problem is the financing of such things as this resolution calls for, and it is time we set ourselves to devising a scheme which will make financially possible what is physically possible in this country in every way, shape and form.

Mr. J. K. BLAIR (Wellington North): The resolution contains the clause "to provide periodical health examinations", which I think is extremely important. The public does not take advantage of its medical health officers. They are there to serve us. We have even had members of parliament drop dead who did not know they were sick. They should have known they had high blood pressure. Especially is periodical examination necessary for smaller children and for those over fifty years of age. The medical health officers should examine the public at a reduced rate as part of their jobs. Not only in cases of sickness do people need their advice, but you find sometimes big, fat fellows who perhaps do not know they are eating too much, and the health officer should tell such a man to diet, or tell his wife to stop feeding him. Or

a man might be found who shows every indication of having had, say too much beer. He should be told not to do so. Or if a man is working too hard he should be told, for the sake of his own life. This is no trivial situation, because people are dying on all sides who should not die, whose death might be prevented by a timely examination. It is generally believed that more people die from overeating than anything else, so it would be much cheaper to cut down on the diet.

I sometimes amuse myself watching the crowds go by and taking notes, and about every sixth or seventh person one sees is in obvious need of false teeth. Not having them means that these people will die that much sooner. In examining the mouths of the children in the public schools, which I have to do every year, one finds that their teeth are not attended to at all, they are growing in all shapes, the result being that their mouths are not in proper condition when the secondary teeth come in. We are not taking proper care of this generation. We do not think it is the duty of this house to take care of them.

We think there is unnecessary duplication of services. We have had travelling clinics sent out by this government going through the provinces, examining for tuberculosis, and other clinics are sent out by the provinces. That is folly. But we should have free travelling clinics for tuberculosis going through the country every year, under well organized provincial medical control and subsidized by the federal government. More attention should be paid to the services of the medical health officer, much more work should be required of him, and people should be compelled to go to the health officer so that he may guide them as best he can for their own benefit and for the purpose of prolonging their lives.

Hon. C. G. POWER (Minister of Pensions and National Health): Mr. Speaker, the resolution before the house reads as follows:

That, in the opinion of this house, the government of Canada should try to secure amendments to the British North America Act, to provide periodical health examinations and provision for suitable treatment for all those suffering from disease.

This and similar resolutions that have been placed on the order paper during past years—I may say in increasing numbers in more recent years—indicate that the people of this country are more and more taking an interest in public health, and so far as I am concerned that is absolutely all to the good. In former days, as older members will recall, when a resolution of this kind came up there was usually a doctors' field day, and those of us who were lay members of the house rarely ventured to discuss the question at issue. I am not sure whether our intervention would have been very welcome in any case. It is, I think, an encouraging feature for those interested in public health that so many hon. members who are not by profession medical men should take part in these debates and endeavour to impress their views on their fellow members and on the Canadian people. In other words, the members of this house are becoming health conscious. Whether that is as a result of pressure from their constituents or whether for once we are taking the lead is not a matter of much importance; what I think is important to the people of Canada is that whatever methods or means we may adopt to achieve our object, we are coming to realize that those things once considered purely idealistic, to which only visionaries subscribed a few short years ago, have now become almost matters of what I might call practical politics.

There has come to a very large number of people in this country the belief that every citizen is inherently entitled to as much right to protection from sickness and disease as to protection from the more violent if often less hazardous, attacks of those who wish to steal his property or injure his person. The great difficulty would not appear to be so much the acceptance of the principle. I believe we have placed behind us the view held in days gone by that sickness, disability and illness were each man's individual concern and that the calling of a doctor was something to be avoided except in the most extreme cases. In those days the doctor was one of the most unwelcome visitors to the home. Not only was he unwelcome when he came in the course of his professional duty; he was still more unwelcome later when he attempted to collect the fruits of his labour.

I think we have reached a stage where it is not difficult for anyone to obtain the undeniable sympathy of members of this house and of the country at large to almost any proposal for an increase in the amount of money to be spent on public health. The difficulty, I believe, lies first in regard to just what authority, municipal, provincial or federal, is to be charged with the responsibility of carrying out those proposals; and second, in spite of the advice we have received from some of my hon. friends in the far corner, just where we are to raise the large sums of money which inevitably will be involved in carrying out these highly sympathetic proposals.

I might digress here for a moment to deal with the suggestion of my good friend the hon. member for Winnipeg North Centre (Mr. Woodsworth) with respect to that very point of the responsibility of the various auth-

orities which deal with health in this country. On consulting part II of the act respecting the Department of Pensions and National Health, I find that the duties and powers of the minister are set out as follows:

The duties and powers of the minister under this part shall extend to and include all matters and questions relating to the promotion or preservation of the health of the people of Canada over which the parliament of Canada has jurisdiction, and, without restricting the generality of the foregoing, particularly the following matters and subjects:

(a) Cooperation with the provincial, territorial, and other health authorities with a view to the coordination of the efforts proposed or made for preserving and improving the public health, the conservation of child life and the promotion of child welfare—

That was urged by my hon. friend. Some of the other duties imposed upon the minister are these:

(b) The establishment and maintenance of a national laboratory for public health and research work;

(c) The inspection and medical care of immigrants and seamen, and the administration of marine hospitals;

(d) The supervision, as regards the public health, of railways, boats, ships and all other methods of transportation;

(e) The supervision of federal public buildings and offices with a view to conserving and promoting the health of the civil servants and other government employees therein;

(f) The enforcement of any rules or regulations made by the International Joint Commission. . . .

(g) The administration of the acts mentioned in the schedule to this act—

That is to say, the Food and Drugs Act and others.

(h) Subject to the provisions of the Statistics Act, the collection, publication and distribution of information relating to the public health, improved sanitation and the social and industrial conditions affecting the health and lives of the people;

(i) Such other matters relating to health as may be referred to the department by the governor in council.

Section 12 of the act, however, considerably restricts the authority conferred upon the minister. It reads:

Nothing in this part or in any regulations made hereunder shall authorize the minister or any officer of the department to exercise any jurisdiction or control over any provincial or municipal board of health or other health authority operating under the laws of any province.

So all we can do, so far as the provincial authorities are concerned, is cooperate. We have no power and no authority over them. Let us take for a moment the proposal with respect to periodical medical examinations, with which we are dealing at the present time. May I say at once, though perhaps this carries no authority, that from the information I have been able to acquire in one way and another, officially and otherwise, I have been led to the conclusion that periodical medical examinations would be of great benefit to the community; first of all, by detecting and permitting the diagnosis in the earlier stages of diseases which might very well turn out to be fatal later on, such as cancer, heart disease and so on. It would be beneficial in observing the development of the individual and would permit us to detect the earliest signs of change from the normal and of impending disease. It would enable us to observe the effects of a hygienic daily regime; to note abnormal conditions arising from neglect of the laws of health; to recognize the benefit of following advice given to correct these abnormal conditions; to detect the early signs of focal infections and the results of their persistence; to accumulate facts regarding early symptoms of disease and treatment; to investigate the possibilities of cure in cancer, tuberculosis, venereal disease, et cetera, and to study the importance of hygienic and dietetic treatment in general. So that I do not think there is any difference of opinion with respect to the value, not only to the individual and the community but to the dominion in general, of putting into effect something like periodical medical examination, in a general way.

If I may be permitted to digress again I would say that we have in this country to some extent periodical medical examination carried out gratuitously by the insurance companies. On January 1, 1930, a system of periodical health examination was adopted for the policy-holders of four insurance companies, namely the Sun Life, the Confederation Life, the London Life and the Canada Life. The scheme was inaugurated by the Canadian Medical Association. The companies agreed to pay $6 for each examination, $4 of which would be paid to the doctor and $2 to the Canadian Medical Association for administration and education. To further the scheme the Department of Pensions and National Health, in cooperation with the Canadian Medical Association, published a booklet for the guidance of physicians making examinations. In 1931 the number of policy-holders examined was 3,797. Having inaugurated the scheme the Canadian Medical Association dropped out, and its place was taken in 1931 by the Canadian Medical Institute of Toronto, which acted as administrative body.

The Canada Life Insurance Company has dropped out of the scheme, and at the present time there are three companies which have periodical examinations for policy-holders, namely the Sun Life, the London Life, and

the Confederation Life. The examinations are confined to policy-holders thirty years of age and older, and for policies of $5,000 or more. In 1938 the total number of policy-holders examined was 6,000, and it is believed that in 1939 the number will be close to 7,000. Since 1931, 36,610 policy-holders have been examined. The fee paid at the present time to the examining doctor is $5, and the per capita cost of administration is $1.42, making a total of $6.42.

It is obvious that if periodical medical examinations were made available for all the people of Canada on the basis adopted by the insurance companies above-mentioned, the cost would be practically prohibitive. It might be possible to obtain a reduction in the medical fee if the numbers examined were sufficiently large, but no one could expect a doctor to make a thorough medical examination for less than $3. Even at this amount the cost would be still almost prohibitive. The only practical way, I am advised, to adopt a periodical medical examination would be by some system of health insurance.

But to return to the question of periodical medical examination, may I point out that in order to have the greatest value there would have to be some element of compulsion or coercion in it. Unless all, or almost all, or even a large majority, of the people of this country desired the examination, or were willing to give themselves the trouble or to suffer the inconvenience of calling on a selected medical man to be examined, some form of coercion would have to be employed. If we wanted to have a good cross-section indicating the health of the people of Canada in different localities, I am convinced this compulsion would have to be brought to bear.

The hon. member for Winnipeg North Centre would be the first to agree with me that he would not expect me, at any rate—and I do not think I would expect him, if he were in my place—to go to any province in Canada and say, "I ask you to permit me, or to permit the government of which I am a part, to amend the British North America Act, so that I may impose coercion on the citizens of your province and place upon them the obligation of coming before a doctor to be examined." I would thereby be violating the elementary principle of the British North America Act with respect to civil rights. Then I would have to go one step farther. I would have to call on my right hon. friend the Minister of Justice (Mr. Lapointe) and ask him to lend me his mounted police, so that they could go forth into the country districts and round up or corral the recalcitrants who refused to have their teeth cleaned or their chests thumped. I fear very much that my right hon. friend, with all the courage he has and all the desire he has to be of assistance to his fellow countrymen, would not undertake to enter into such a campaign as that—a campaign whereby we would have to apply some system of fine, coercion or force to bring the people before the doctors for examination.

The hon. member for Winnipeg North Centre is perhaps about to say that a large number of people would wish to be examined. The statistics we have from the insurance companies lead us to the conclusion that even in those companies, where this work can be done free of charge, where it is performed on those policyholders having policies of $5,000 or more, and where it can be performed without great inconvenience or loss, advantage has not been taken of the opportunity to anything like the extent to which it could have been taken.

Mr. WOODSWORTH: May I ask the minister if his objection would not apply to a considerable extent to coercion on the part of a province? The fact is we have not yet realized the importance of the matter. Would that not also apply to a province taking such drastic action as he suggests?

Mr. POWER: But they have the right to do it; we have no right.

Mr. WOODSWORTH: But that is another matter.

Mr. POWER: I am answering my hon. friend's suggestion that we have the right to impose periodical examination. In the first place I say we have no right, and in the second place I say I would not have the courage to ask a province to give me the right to go into their territory with authority to fine and imprison people simply because they did not want periodically to be medically examined.

Mr. WOODSWORTH: Where does the minister find the right in this instance in the British North America Act? Where does the minister find in that act the right of the province to this field.

Mr. LAPOINTE (Quebec East): Civil rights.

Mr. POWER: Surely it is a question of civil rights.

Mr. LAPOINTE (Quebec East): How can you force me to go to a doctor? It is my civil right, and only the province can deal with the matter.

Mr. WOODSWORTH: How can the province deal with it?

Mr. LAPOINTE (Quebec East): The province has the authority under civil rights.

Mr. WOODSWORTH: I had not intended to debate the question when the minister was speaking—

Mr. POWER: I have no objection.

Mr. WOODSWORTH: —but I was going to ask whether this is not a matter expressly dealt with in sections 91 and 92 of the British North America Act. I note that the residual powers seem to be with the dominion.

Mr. LAPOINTE (Quebec East): But it comes under civil rights.

Mr. POWER: It is the civil right of each individual, if he so desires, to be cleansed or to be washed, to have his tooth pulled, to have his chest pounded, or to be placed on a table and have a stethoscope placed on his chest. He has a perfect civil right to resist, unless we made his resistance a criminal offence. There is the objection I raise; I do not say the provinces cannot do it themselves.

Mr. LAPOINTE (Quebec East): They can.

Mr. POWER: Yes, the provinces can do it. But I say that under the present set-up we cannot do it, and that with the little political sense I have I will not do it. I would not like to do it, and I would not try it.

Mr. WOODSWORTH: Could not the dominion government go as far as the insurance companies and make this optional for all?

Mr. POWER: I am not sure, but possibly we could set up centres in which all who wanted could have medical examinations. Admitting that is possible, I come to the next objection. After all, periodical medical examination would be only part of the great problem of looking after the health of the people. I will not say it is putting the cart before the horse or that it is an unimportant part of the problem, but I do contend it is not an absolutely first essential in the general health problem. It must be included in the general problem of health insurance, whether such a plan is contributed to by the municipality, by the province or by the federal government. Of itself I cannot see that it would be of much benefit unless there were other means of looking after those who, upon examination, were found to be ill. After all, we would not be getting very far if we simply set up examination centres where we could tell Bill Jones that he had a leaky heart, and advise him where to go for treatment. Necessarily we would be obliged to coordinate our efforts with those of the hospitals, with those of the medical authorities generally in the provinces and with those of the provincial health authorities. All we could do would be to tell a man what his disability was and where he could obtain treatment.

I am speaking now to the resolution as it is drafted and am not discussing the general principle. I contend that if we adopted this resolution as it is drafted we would not get very far. If we are to undertake anything that would be of value to the people of Canada, we must coordinate our efforts with those of the provinces on a much wider scale. I would like nothing better than to be in a position to propose a bill similar to that introduced into the senate of the United States on February 28, 1939, by Senator Wagner of New York. This is entitled the national health act of 1939. For maternal and child health services it proposes:

—there is hereby authorized to be appropriated for the fiscal year ending June 30, 1940, the sum of $8,000,000; for the fiscal year ending June 30, 1941, the sum of $20,000,000; for the fiscal year ending June 30, 1942, the sum of $35,000,000; and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this part of this title.

Then, to provide medical services for children and services for crippled and other physically handicapped children, the bill provides appropriations for 1940 totalling $13,000,000; for 1941, $20,000,000; for 1942, $35,000,000, and thereafter the sums sufficient to carry out that part of the title. Then the same bill provides the following appropriations for public health work:

—for the fiscal year ending June 30, 1940, the sum of $15,000,000; for the fiscal year ending June 30, 1941, the sum of $25,000,000; for the fiscal year ending June 30, 1942, the sum of $60,000,000;

And thereafter such sums as are sufficient to carry out the purposes of that part of the title. Then, for hospitals and health centres the bill provides for an appropriation of $8,000,000 for 1940, $50,000,000 for 1941 and $100,000,000 for 1942.

Mr. WOODSWORTH: That is a real liberal government.

Mr. DUNNING: That is not a government bill, it is just a bill.

Mr. POWER: I do not quite agree with the Minister of Finance (Mr. Dunning). I think a good deal of it will be put over. Then, for grants to states for medical care the bill provides for appropriations of $35,000,000 for the year ending June 30, 1940, and thereafter a sum sufficient to carry out the purposes of this title.

Mr. DUNNING: Read the qualifying clauses.

Mr. POWER: I think in most of the sections the qualifying clause is to the effect that there is an allotment made to the states. It provides that there must be a state plan to effectuate the purposes of the act and to provide for financial participation by the state and for a state-wide program or for an extension of the program each year so that it shall be in effect in all political subdivisions of the state in need of the services not later than the beginning of the fiscal year ending June 30, 1945. Another clause provides for administration of the plan by the state health agency and for supervision by such agency of any part of the plan administered by another state agency or by a political subdivision of the state. There is provision also for the setting up of advisory councils.

Mr. DUNNING: The state has to put up a great deal of money.

Mr. POWER: Payments are made to the state provided the state subscribes something.

Mr. DUNNING: How much?

Mr. POWER: The part of the act I have been able to study does not make that quite clear. The financial resources and per capita income of the state is considered. The Minister of Finance will be glad to know that the poorer states receive more money, which is something to be said for this bill quite apart from its other provisions.

Mr. DONNELLY: Could the minister state what percentage of people took advantage of the opportunities for free examination afforded by the insurance companies?

Mr. POWER: I shall try to have that by eight o'clock.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. POWER: Mr. Speaker, just at six o'clock the hon. member for Wood Mountain (Mr. Donnelly) asked if it was possible to ascertain the proportion, of those who could if they wished obtain periodical medical examination from the insurance companies, who have actually taken advantage of this free benefit. I have not been able within the time at my disposal to ascertain the exact numbers, but I am reliably informed that only thirty per cent of the limited number, it is true, of those who hold policies of a value of over $5,000 have up to the present taken advantage of the offer made to them by the insurance companies. In numbers it was something like 36,000 since the scheme was inaugurated in 1930, and this year it is expected that some 7,600 will take advantage of the offer.

I notice, Mr. Speaker, that I have not very much more time at my disposal. I took up rather more time than I had intended in discussing some of the proposals which are now before the United States senate with respect to health generally and health insurance.

The house will remember that as far back as 1929 this house passed a resolution referring to the committee on industrial and international relations the question of sickness and invalidity insurance, and that committee reported to the house that the department of health should make some study of the question of health insurance in order to be prepared to give the information which would be necessary whenever the house or the country should desire that health insurance be put into effect. Time will not permit my placing on *Hansard* anything like the quantity of information which it has been possible to collect in the department, but if the house will bear with me for a moment or two I should like to sketch as briefly as possible some of the plans for health insurance or state medicine as they exist in different countries, and also to point out, with all due respect to the hon. member for St. Boniface (Mr. Howden), who wished to abolish the department over which I now preside, that we have done something at least in gathering information to be available to members of the house and others who are interested in this matter, which information will guide them in their further researches in matters relating to state medicine and health insurance.

Last year, during the course of the debate on a similar subject, I dealt extensively with the situation as it exists in Russia, which is really the only country in the world that has state medicine in all its implications, and where, so far as we are aware, owing to their peculiar constitutional set-up, it has been found practicable so to regiment their medical men and their citizens that it is quite possible and even probable that state medicine has been successful.

In Germany they have a state insurance scheme, contributory and to some extent compulsory, and 19,000,000 citizens of that country come under its provisions.

In Norway the system of state health insurance is compulsory through insurance societies, which are confined one society to one district, and the division of contributions is made along these lines: The insured pays six-tenths; the employer, one-tenth; the commune, which I take to be the municipality, one-tenth, and the state, two-tenths.

In Sweden, of which we hear a great deal these days, the system is voluntary, and here again it operates through societies with fixed societies in each region. The insured receives one quarter of the costs of medical care and drugs and has to pay for the rest of it himself. In Sweden one million persons out of a total population of 6,300,000 come under this scheme.

In Denmark the scheme is on a voluntary basis, again through societies, but the state there pays fifty-four cents a year per head for persons whose income is less than a legally specified limit. So I take it that in Denmark what we might call the medically indigent are being looked after, and the state also gives cash for lay-off periods and provides for medical and maternal care. Out of a population of 3,700,000, there are 2,100,000 so insured.

In France they have a system all their own, whereby the sick pay out of their own pockets a percentage amounting to about twenty per cent of the doctor's medical costs, and the state provides a certain amount.

In Italy, while I have not been able to ascertain just how the proportion is made up, the fascist confederation of industry and the fascist confederation of industrial workers handle together the insurance of all the workers.

In Great Britain, as is well known, their health insurance scheme has been in effect for twenty-five years. Prior to 1936 there had been expended in insurance benefits $2,825,000,000, and there are in the reserve funds $618,270,000.

Mr. MacNICOL: That is contributory, is it not?

Mr. POWER: It is contributory, and only recently, in April, 1938, their scheme was extended to take in younger people of school age just leaving school. The total number comprised in the insurance scheme in England is 18,000,000.

But the most interesting developments have taken place within the past year in Australia and New Zealand. I am merely endeavouring, as I said a moment ago, to give this information to the house, to serve as a reference to those interested who may wish to make a further study of these different schemes.

In Australia I understand they have come closer to real state medicine than in any other part of the British empire. In September, 1938, the Australian parliament passed a bill known as the National Health and Education Act, which was supposed to come into operation on January 1, 1939. My information—I am not quite sure of my facts, and perhaps some hon. gentlemen might be able to check me on them—is that the operation of the scheme has been postponed. In the daily press of a week or so ago I saw some reference to its postponement.

The Australian plan is compulsory and designed to cover all employees earning up to seven pounds a week, but this limit does not apply to manual workers. In other words, if a manual worker earns more than seven pounds a week he still comes under its provisions. The act is operated entirely through approved societies.

The principal benefits are: Insured persons will be entitled to the fullest medical attention possible, for life; for sickness, men will receive twenty shillings a week; women fifteen shillings a week, for six months; for disablement, men fifteen shillings, women twelve shillings and sixpence, and these payments may continue until the time that the person through age would become eligible for pension; juveniles between fourteen and sixteen years of age will also draw sick benefits to the extent of five shillings a week; married minors will receive the same scale of benefits as adults, and unmarried minors, twelve shillings and sixpence, and ten shillings, for male and female respectively.

The government's contribution to the scheme is substantial. It will (1) contribute £100,000 annually for the administration of health insurance; (2) 10 shillings per insured person to meet the liabilities for health benefits; (3) £1,000,000 per annum for five years for pensions, this contribution rising by £500,000 per annum after the first five years until by 1961 the yearly grant is stabilized at £10,000,000.

I have here a note that there has been some criticism that a fund so large would entail a heavy charge on a nation with a population still under 7,000,000. In New Zealand the charges are still heavier. In that dominion the legislative council passed the government's social security bill, which provides free medical service for all and pensions at thirty shillings weekly for all at sixty. It goes into effect on April 1, 1939. In this case it seems to me, though again I speak subject to correction, that I have read somewhere that the actual operation of the act will be postponed. According to the government's actuaries the schemes will entail an estimated expenditure of £17,857,000, or $69,615,000, annually at the start, increasing to £21,900,000, or $85,410,000, annually in five years and to £25,000,000, or $97,500,000, annually in thirty years.

The new services are to be financed in part by an increase from eightpence to one shilling

in the pound in the employment tax on wages, and this will be known as the social security contribution. The money thus raised will be subsidized on a pound for pound basis out of the general government fund. In addition to the pension of thirty shillings weekly, provided for all at the age of sixty, there will be allowed an income of $1 a week from other sources in the case of either an individual or a married couple. The free medical service will include universal general practitioner service free to all members of the community who require medical attention. The scheme also embraces free hospital or sanatorium treatment for all and free care and treatment for the mentally afflicted. Medicines are provided free, and there is a further benefit in the form of maternity treatment including the cost of maintenance in a maternity home. In addition, a grant will be made through some suitable agency to allow mothers to provide an outfit for babies. The American Medical Association journal reported that general practitioners on the whole are enthusiastic about the scheme, while specialists are opposed to it.

Mr. SPEAKER: I regret to interrupt the minister, but he has exhausted his time.

Some hon. MEMBERS: Go on.

Mr. SPEAKER: By unanimous consent.

Mr. POWER: As one who has strenuously and consistently opposed any member talking for more than forty minutes, and who when the rule was introduced thought it should be made twenty minutes, I hope the house will bear with me if I continue for a few minutes longer.

The Union of South Africa is proposing seriously to take up a health insurance scheme. A departmental committee has gone into the question and worked out a plan, which is contributory, 14½ per cent from the government, 49 per cent from the employers and 36½ per cent from the employees. The total estimated cost is £5,331,690 a year. It is intended that the scheme shall apply to all employed persons of all races including dependents of either sex, resident in the area of the local authorities and earning not more than £400 per annum. The benefits are to include the services of a general practitioner and of a specialist when necessary, and also cash payments in periods of illness, on the occasion of a birth, and for burial expenses. There will be also a payment towards the cost of hospital expenses.

This briefly outlines some of the schemes in force in other countries. Canada is not entirely without such social legislation, but as is well known to this house it is wholly confined either to voluntary effort on the part of individuals or to the provinces themselves. British Columbia has a health insurance act which was passed in 1936 and which was to have gone into effect on January 1, 1937. For reasons which I think are well known to most of us it has not yet become effective, but it is a pretty broad and generous act. It provides for every employee in the province—there are a few exempted classes—earning less than $1,800 per annum, becoming insured together with his dependents; and for those receiving up to $3,000, provision is made that they may become eligible for insurance benefits under certain conditions. To meet the cost of all benefits under the act, the health insurance fund is contributed to by the employer and the employee. I have all the details, but I need not weary the house with them.

In Alberta a health insurance bill was passed in 1932; but it has not yet been put into effect, and in Saskatchewan, in 1934, the public health act was amended to include a board known as the health service board whose duty it was to ascertain the needs of the people of that province in respect of hospital, nursing, dental and medical care and other health services, the advisability of providing facilities for periodical medical examination, and such other matters as the board may think fit.

In other provinces inquiries have been made as to the cost and incidence of health insurance. The Quebec social insurance commission in 1933 reported that it was the opinion of the commission that recourse should be had to the subsidized optional regime before the obligatory system, all the more because the subsidized optional regime would be easy to apply since mutual benefit insurance societies already existed, and it would be sufficient to make use of them. The report referred to the excellent work performed by the mutual societies in the province, particularly la Société national d'hôpitalisation, which in return for a premium of eighty cents a month offered members medical and surgical attendance and hospital treatment.

There are in many of the provinces and in many localities group hospitalization schemes. The one at Glace Bay, Nova Scotia, has been in existence for over thirty years. It maintains a rate, to miners, of thirty cents a week for public ward hospital care. This covers dependants also, and if a private ward is desired, there is a fifty per cent reduction. The director of one of the Glace Bay hospitals has stated that the scheme gives entire satisfaction to both hospitals and subscribers.

One of the more recent schemes has attracted a good deal of attention—the co-operative movement of the university of St. Francis Xavier at Antigonish. That went into operation on January 1, 1939, the unit being known as the mutual hospital group. There is a family rate of $2 a quarter. This will entitle members of the group to five weeks of ward treatment and a fifty per cent reduction in the rate for private and semi-private rooms, together with laboratory services, ordinary medicine and a fifty per cent reduction on X-ray and operating fees.

In New Brunswick they have the Moncton group hospitalization service, in western Ontario, the Galt hospital service society, a non-profit, cooperative hospitalization scheme, incorporated last year. A membership of 200 is the absolute minimum with which it would be safe to start. I have a note here that in no place in Canada or the United States where a hospitalization scheme of this kind has been properly thought out has it met with failure.

British Columbia has many such successful ventures. Directors of the King's Daughters hospital, Duncan, B.C., completed arrangements in December, 1938, for the inauguration of a hospital benefit scheme similar to those which are in successful operation in a number of districts in British Columbia. The scheme offers a contract whereby the contract holder and, if he is married, his wife and dependent children under twenty-one, may secure hospital accommodation and service, including stock drugs, anaesthetics and the use of the operating room and X-ray equipment for a period of three months in any contract year. The annual payment has been set at $15, which may be paid in monthly instalments. To make the scheme successful and to get it under way it will be necessary for 1,000 contract holders to sign up. Kamloops has a successful scheme now operating. Kelowna also has a similar scheme.

We also have in Canada schemes of group medicine, to which reference was made this afternoon by a number of speakers. There is Associated Medical Services Incorporated, with headquarters in Toronto. In January, 1939, the chief medical officer of the corporation stated that subscribers in Ontario numbered over 4,300. Between June 1, 1937, when the association was formed, and September 1, 1938, approximately 1,400 accounts were paid, ranging from $1 to $150 on single items, to $400 in one case. The maximum allowed anyone in need of medical services is $800 in one year. As each person is allowed to choose a doctor, the number of physicians who work with the organization grows as the membership mounts. Membership costs $2 a month, plus $1.75 a month for the first dependant and $1.50 a month for each succeeding dependant. Most subscribers are in Toronto, but the plan is in operation also in Ottawa and in Norfolk and Oxford counties. The rate of growth has been continually increasing, having risen from a low of 193 in January, 1938, to a maximum of 525 in November, 1938. The annual subscription averages between $1.85 and $1.90 a month, depending on the average size of the family subscribing during the month. The average expenditure over the twelve months' period of 1938 for those entitled to service was $1.08 a subscriber per month. In Toronto there are approximately 820 participating doctors out of 950. In Ottawa there are 139 participating out of about 150.

These schemes are also in effect in some of the western provinces, in Saskatchewan and, I believe, in Manitoba. Also in western Canada there is a scheme known as the municipal doctor scheme. Perhaps some hon. members from Saskatchewan are far more familiar with the operation of this scheme than I can be, but in theory at least the plan is that a physician is engaged by the municipality on a salary basis to give the residents of the municipality medical care. In western Canada the municipality is the local unit of government, 200 to 300 square miles in area, with a population varying from 1,200 to 3,000. This type of service has extended until in 1938 over one-fifth of all the rural municipalities in Saskatchewan either have voted favourably on the scheme or were operating under a similar plan. In Manitoba there were in 1938 nine municipal corporations receiving medical care under the municipal doctor plan, with three or four more ready to initiate the scheme.

There are a number of other schemes for attaining the same object, persons in the community grouping themselves together in order to obtain greater benefits in the way of medical or hospital care.

There has been also an agitation throughout the country to press for what is known as state medicine, the definition of which I would take to be the furnishing by the state, free, of all medical, hospital, dental and other services. It has been stated pretty freely that a large number of the members of the medical profession would not care to join in such a scheme, partly, I assume, because some of the more prominent at least would not look with favour on the suggestion that they should all be state employees or servants of the state, and partly on account of the argument which has been

set forth here on numerous occasions that there should be a particular and special relationship between patient and physician, which relationship is very difficult to achieve where the doctor is an employee of the state and liable at any time to be called upon to treat any patient. The cooperative schemes to a large extent overcome that difficulty, but in some countries it is overcome by giving the patient or the insured the right to choose his own doctor.

My view—and I express it here without endeavouring to hold the government in any way responsible for it—is that sooner or later all these schemes will have to be coordinated in some fashion under state supervision. I believe I should be right constitutionally in saying that the supervising authority will not necessarily be the federal authority, unless there is some change in our present constitutional arrangements. But the tendency is that sooner or later we must see to it that every citizen of the state obtains at least the minimum of medical care and attention.

The difficulty up to the present is that each province has looked at the problem from a different angle; what would be suitable in the way of health insurance for Quebec, for instance, would not apply equally well in British Columbia. But once the provinces have themselves coordinated their efforts and come to the federal authority, I have no doubt that the pressure throughout the country will be such that the federal authority will be obliged to give leadership so that there will be put into effect a definite health program.

In passing, I may say that up to the present, although we have had our conferences with the provinces, it has been extremely difficult to bring all the provinces to see eye to eye as to what is the preferred procedure. Only recently I met the ministers of health of the various provinces. Some suggested that we should begin by attacking the problem of tuberculosis; others felt that the venereal disease problem was the one which should be handled at once; others thought that there should be full-time health units, and so on. It seems to me that the way to settle this matter definitely and to have a clear program which could be presented to the Canadian people would be by some kind of health conference at which there would be present representatives not only of the provinces as such but of social agencies interested in this kind of thing throughout the country, and medical associations, at which conference the particular interests of the provinces, of the dominion, of the medical associations and even of the welfare agencies, would be to some extent set aside so that it would be possible without prejudice to determine what is needed as a beginning for the carrying out of our plan.

Of course I must not close without making some reference to the cost, because after all that will be a factor in anything like a general scheme. It should be pointed out that just because a project is highly desirable does not necessarily mean that it is always economically feasible; and before such beneficial programs can be put into effect the cost must be counted so that there may be no subsequent regrets. I am not quite prepared to accept the suggestion, but it is often stated that just as soon as a form of state medicine is introduced the incidence of sickness will be doubled. If we introduce state medicine we will have to pay for it. Under state medicine the cost of medicine increases, and an instance is given here which I will mention, purely for the information of the house and not because I think it is what I would consider a conclusive argument. It states that in the factory districts of England medicine costs are four times as large as in the district around Oxford university.

To return to the question of cost, as far as we are able to ascertain it in the 1931 census the cost of illness in Canada is $23 per capita. The cost of absolute state medicine would be at least $250,000,000 annually, with the suggestion that this cost would increase if all the services were free.

Mr. MacNICOL: If I may ask a question, would that include or exclude contributions?

Mr. POWER: I am dealing now with the cost, the amount of money which would be expended if the state looked after all the illness in Canada.

Mr. MacNICOL: That would include any contributions made under a contributory system?

Mr. POWER: Yes; that is what it would cost. As to how this cost would be allotted between the employer, the employee, the municipality, the province and the federal government is another matter. One thing that strikes me, however, is this: Someone said in this house, I think either the hon. member for St. Boniface (Mr. Howden) or Mr. Spencer, a former member, that the annual cost of illness in Canada converted into money is estimated to be approximately $300,000,000. To that must be added the much larger sum of the cost of postponable deaths. Medical statistics reveal that while Canada distributes in the neighbourhood of $300,000,000 annually for medical treatment—this is perhaps the

saddest part of it—only $6,000,000 is actually spent in preventive medicine. I believe an essential factor in any medical program would be preventive medicine. Perhaps that is where the state could do its most useful work, in the preventive field rather than actually in the curative field.

Mr. HAYHURST: Does the dominion government make any grant to the public health bureau in Toronto, which does a great deal of educational work throughout the dominion?

Mr. POWER: I do not think that is the name of the organization my hon. friend has in mind. I believe he is thinking of the Health League of Canada, is he not?

Mr. HAYHURST: Yes.

Mr. POWER: We do make a contribution of $5,000.

Mr. HAYHURST: Then, if I might ask another question, have the grants which were given to the provinces prior to 1932 been reinstated?

Mr. POWER: Which grants; those for the treatment of venereal disease?

Mr. HAYHURST: Yes.

Mr. POWER: For some years, beginning in 1919, I believe, certain grants were made to the provinces in order to assist in combating venereal disease, on the condition that the provinces would set up clinics and contribute an equal amount. The grants continued—I am speaking subject to correction—for perhaps five years. Then they were decreased to $100,000 a year and finally, I think in 1931 or 1932, were cut out altogether. Last year they were revived in a different form when this house, as my hon. friend will perhaps remember, voted $50,000 in order to permit the federal government to supply arsenicals to the provinces to be used in combating venereal disease. So to all intents and purposes we have revived the contributions formerly made, perhaps on a smaller scale.

In conclusion I propose to repeat what I said last year, that my personal view is that state medicine as such will not, for at least some little time, be generally accepted by the Canadian people. I feel that there is in it too much of regulation and regimentation to make it acceptable to the people of this country. But I also feel that some form of contributory health insurance will have to be studied; and not only studied but put into operation in conjunction and cooperation with the provinces, before very long.

I want to thank the hon. member for Fort William (Mr. McIvor) for having brought this matter to the attention of the house. We have had an interesting discussion; as I said at the outset of my remarks, we have heard the views of hon. members who are not directly connected with the medical profession but who feel that their constituents and the people of Canada generally want something to be done along these lines. Having obtained full approval of the principle of the proposal he wishes to lay before the people, perhaps my hon. friend will be satisfied to withdraw it, bearing in mind that perhaps in practice it would be extremely difficult to bring into effect exactly that which his motion, in its present phraseology, calls for.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, there are perhaps one or two misunderstandings that should be cleared up. Those who have need of these health examinations are neither the very poor nor the very rich, but rather the small wage-earners. I appreciate the discussion we have had to-day; I think it will indicate to the minister that this is a live question. For myself, whether within or without this house, while I am spared I am not going to let up in my efforts, because I see the need. When it is suggested that people will not attend for these examinations, might I say that anyone who attended the meetings of the municipal league of Thunder Bay district could not be there very long when this question was under discussion without finding out how they feel about it. There is no sham; it is a real issue. The low wage-earners and farmers are those who are in great need. I appreciated the frank statement of my hon. friend the leader of the opposition (Mr. Manion), but I do not think he is altogether correct when he says the doctors do not want this. I know the specialists and the doctors who have large practices certainly do not want it.

Mr. MANION: I am afraid my hon. friend misunderstood me. I said the majority of doctors did not want state medicine.

Mr. McIVOR: Thank you, doctor; or I mean I thank my hon. friend. I am not discussing state medicine. The resolution is very simple. I took heart as I listened to the Minister of Pensions and National Health (Mr. Power), and I was also encouraged when I saw a photograph of the various

provincial ministers of health. I thought they were human, intelligent beings, and that when they would realize the need for what I have suggested they would have brains enough to put it into practice. We have provincial police protection and we have education which is paid for by the province. I think health insurance, or something of that kind—it may be called state medicine, or whatever you like —is most important.

When I go to the experimental farm I see our specialists experimenting to develop plant and vegetable life, and they are attempting to develop horses and cattle to the highest point of efficiency. What is our greatest asset in Canada? Is it not our men, women and children? I am sure the Minister of Pensions and National Health will understand me when I say it is more important to raise healthy men, women and children than it is to have thoroughbred horses.

I appreciate very much the time the minister has devoted to the subject. He has shown that he is capable of filling in the best possible way the position he holds. We wish him the greatest success in his endeavours. I am sure that if, when he is discussing this question in conference with representatives from the provinces, or when an effort is made to revise the British North America Act—and when we went to the country we promised it would be revised—he needs any help from the humble representative of the constituency of Fort William, I shall be there to work to the best of my ability.

As the minister has indicated, I do not think any useful purpose would be served by putting the resolution to a vote. In our own consciences we know where we stand, and so does the minister. For these reasons I beg to withdraw the motion.

Motion withdrawn.

OLD AGE PENSIONS

PROPOSED REDUCTION OF PENSIONABLE AGE LIMIT FROM SEVENTY YEARS

Mr. A. A. HEAPS (Winnipeg North) moved:

Whereas it is becoming more and more difficult for older persons to be absorbed into the useful productive life of the dominion, thereby being unable to maintain themselves in decency and comfort;

And whereas Canada is a country richly endowed with natural resources capable of maintaining our whole population in a reasonably high standard of living;

Therefore be it resolved, that this house would welcome a government declaration of policy that would bring about an immediate lowering of the present pensionable age limit of seventy years, the effect of such being that the older generation would retire from industrial activity, thereby creating opportunities for the younger generation to be usefully and gainfully employed.

He said: Mr. Speaker, this is the third motion along these lines I have introduced in the last four sessions of parliament requesting that the pensionable age, now placed at seventy years, be reduced from that figure. Probably, on my third effort, my insistence or persistence in the matter may be a little more successful than it has been on the two previous occasions.

Before dealing directly with the motion, however, there are one or two observations I should like to make in regard to the present administration of the Old Age Pensions Act. I am receiving complaints from many parts of Canada in regard to the stringent methods being applied in some of the provinces in respect of those who believe they ought to come under the provisions of the act. I have no intention this evening of dealing with certain of those complaints, further than to say that when the estimates are before the committee, I shall place those complaints before hon. members.

There is one complaint, however, I do wish to bring to the attention of the house, and particularly to the attention of the responsible minister, and it is that in some of the provinces the pensioners entitled to the full pension of $20 a month are not receiving the full amount. That is a serious complaint to make, and represents a serious hardship that is being visited upon pensioners in certain parts of the dominion. I believe this is particularly so in Saskatchewan. I say that when the House of Commons determined a pensioner should be entitled to a pension of $20 a month, it meant $20 a month. When in the administration of the act provinces allow a maximum pension of only $15 a month, I claim that the old age pensioners in those provinces are being deprived of $5 a month. I see the Minister of Finance (Mr. Dunning) disagrees with what I am saying. I am not accusing the federal government of responsibility for the reduction in the amount of the pension. On the other hand I say, clearly, that it is being done by those who are responsible for administration in some of the provinces. In view of the fact, however, that the Minister of Finance seems to dissent from the statements I make, perhaps I should read a letter which otherwise I had not intended to read at this juncture.

The letter I have in my hand is from the commissioner of old age pensions in Saskatchewan, and is dated December, 1938. I do not

wish to mention the name of the party to whom it is addressed, but if the minister wishes he may have the letter. It is as follows:

Dear Madame:

I beg to acknowledge receipt of yours of the 5th instant, and in reply thereto I would advise that as you and your husband are now receiving the sum of $30 per month by way of old age pension, and as that amount is the maximum which is being paid to married couples, there will be no increase made in the rate of your pension.

Mr. DUNNING: That is true.

Mr. HEAPS: And it is signed by George A. Beckett, pro superintendent, Old Age Pension Bureau, Regina, Saskatchewan.

Mr. DUNNING: That is true in Saskatchewan, and in some other provinces. While in Saskatchewan the pension is paid to the maximum in 4,771 cases, that province has adopted a rule whereby when two married persons, both eligible for pension, are living together, instead of receiving $20 each they receive jointly $30. That is correct, as far as Saskatchewan is concerned.

Mr. HEAPS: I claim if that is so there is an evasion of responsibility.

Mr. DUNNING: I understood the hon. member to say the province was not paying the maximum. I am pointing out that it is paying the maximum in 4,771 cases, but the hon. member's contention stands on the other point, namely with respect to the married couples.

Mr. HEAPS: I am not speaking of the whole. I am saying that in certain cases the maximum is not being paid. They have laid down the law that in certain cases married couples entitled to the sum of $40 shall receive only $30, and thereby the provincial authorities are evading the act. Any person who qualifies under the act is entitled to $20 a month. The people in question were entitled to that amount, but Saskatchewan has laid down its own law and pays them only $15.

Mr. DUNNING: In justice to Saskatchewan I should say that it is not the only province. That point has been one of difficulty with a number of provinces.

Mr. HEAPS: Then, if it is being done in other provinces I am glad I have drawn the attention of the minister and the house to it. It is a practice which ought to be stopped, and old age pensioners, whether they are single or married, ought to be entitled to the full amount of their pensions.

[Mr. Heaps.]

Mr. DUNNING: Quite a number of provinces do not think so, and I find it rather difficult to make them.

Mr. HEAPS: I do not wish to enter into any extended argument on the point. The act specifies that a person who is in receipt of an income of not more than $125 a year, is entitled to a maximum pension of $20 a month. If those persons have qualified they are entitled to the full $20, and not to only $15. Again I claim that in Saskatchewan, or in any province carrying out this procedure, there is an evasion of the act, and I hope that in due course, with the assistance of the Minister of Finance, those old people who are entitled to $20 a month may receive the full amount of their pensions. However, when the estimates are before us, perhaps we may be able to go into that aspect of the question a little more fully than I intend to go into it to-night. I am just drawing this matter to the attention of the minister, and perhaps some good will accrue as a result of the remarks I have made on this question.

I stated a moment ago that this is the third occasion in four years that I have introduced a motion asking for a reduction in the pensionable age. I find no greater justification for my motion than the remarks made a few moments ago by the Minister of Pensions and National Health (Mr. Power). He gave particulars of what was being done in other countries in connection with old age pensions and referred to New Zealand, Australia, Great Britain, the United States and one or two other countries. We find that all of these countries are far in advance of Canada with regard to social legislation. I would go so far as to say that Canada is in this respect practically the most backward of the English speaking nations of the world. I do not say that with any degree of satisfaction, far from it. I would much prefer to be able to rise in my place in this house and say that Canada was the most advanced country in the world in regard to its social legislation.

I am pleased to note that to-day old age pensions are a part of the social structure in every one of our provinces. They have been accepted as a part of the economic life of the whole dominion. I do not think there is a province which would think for one moment of going back on its old age pension legislation. There might be the odd person here or there with antiquated ideas, whose mind belongs to the bygone ages, who would want to see our old age pension legislation discontinued or its advance stayed, but they are few and far between. I believe the overwhelming majority of the people of Canada

are not only satisfied with the pensions we have at the present time, but extremely anxious to have the benefits of old age pensions extended to people below the age of seventy.

When this question was raised in the past two or three years, the minister expressed in a general way his sympathy with the proposal. I believe that in a sense every hon. member sympathizes with the idea of reducing the pensionable age from seventy to either sixty or sixty-five years. At first I asked that it be reduced to sixty years, but I am quite prepared to compromise with the government and accept, on the present occasion, a reduction to sixty-five years.

Mr. DUNNING: That is typical of my hon. friend's Scotch extraction.

Mr. HEAPS: I hope the Minister of Finance will not be so Scotch as to refuse my modest request. On a previous occasion the minister told us that persons over the age of sixty years were fairly well off. He stated they were receiving on an average of about $1,076 a year by way of salary or wages. If that were the case there would be very few people of the age of sixty years or over who would require pensions. But the fact is that the overwhelming majority of those of the age of sixty years or over are finding it extremely difficult to get along and perhaps do not know where the necessities of life are to come from. Despite the fact that the minister is extremely sympathetic to the proposal, I feel sure he will tell us to-night what he has told us on other occasions. He will tell us about the cost and of the necessity for taking from those who have to give to those who have not. Then he may again ask the question: Where is the money to come from?

Mr. DUNNING: I think the hon. member will agree that it has to come from the people.

Mr. HEAPS: Now that the minister has raised that question, I shall deal with it. When the minister raised this point a couple of years ago I stated that if money were required for the purpose of war, there would be no difficulty in finding funds. In 1936 the minister stated he could not find sufficient money to finance the payment of pensions at an age lower than seventy years. I would point out to him that to-day there has been an increase in the cost of our armaments to an extent greater than would have been required to pay pensions at sixty-five years. If we can find money for the purpose of armaments which will be utilized sooner or later to destroy life, I feel we ought to be able to find money for the purpose of conserving life.

It is said that this is taking money out of the pockets of the taxpayers; but where do the taxpayers get their money? Do they not get it from the goods or the wealth produced each year in Canada? I remember in 1930 when the house was called to a special session to vote $100,000,000, mostly for the purpose of dealing with the unemployment problem which was becoming worse and worse as the months went by in that year. Of that $100,000,000, a total of $20,000,000 was to be expended for purposes of direct relief. At that time we had more wheat in our granaries in western Canada than we knew what to do with. Our farmers were burning grain because they could not afford to buy coal.

Mr. DUNNING: That was only an isolated case.

Mr. HEAPS: But it happened. They were burning grain for fuel, while the miners in Alberta were wondering where their next meal was going to come from.

An hon. MEMBER: How much wheat was burned?

Mr. HEAPS: I am making my argument and my hon. friend can make his later on. The government of that day wanted $20,000,000 for direct relief when we had more foodstuffs and more food and shelter than we knew what to do with. The government went to New York and borrowed the $20,000,000, I believe from the house of Morgan, although it makes no difference. When they had borrowed that $20,000,000, our miners and our farmers could eat and obtain fuel. Could there be anything more ridiculous than an economic set-up which demands that we get permission from the bankers of Wall street before our farmers and miners of western Canada—the same thing applies all over Canada—can consume commodities produced in this country? When the minister asks: Where does the money come from—

Mr. DUNNING: I did not ask it.

Mr. HEAPS: The minister asked it two years ago.

Mr. DUNNING: I said I thought we would all agree that it had to come from the people. I was not going any further than that by way of a discussion of where the money was to come from.

Mr. HEAPS: It has to come from the people of the Dominion of Canada; but the people do not care whether they get a slip of paper or something else, what they want is food, clothing and shelter. I claim that at the present time we have in this country sufficient food, clothing and shelter to provide a reasonable state of existence to all our people of

the age of sixty-five years and over. If we did not have that abundance in our midst I would state immediately that I would not feel justified in asking this house to pass a resolution calling upon the government to give to our older people the right to sweet content, as the Prime Minister (Mr. Mackenzie King) would say, when they reach the age of sixty or sixty-five and over. After all, when a person reaches that age, the chances of being absorbed into industry are exceedingly slim. Where can a man of sixty-five or over find employment to-day? We have at the present time tens upon tens of thousands of our younger people who have not as yet been absorbed into useful productivity in the dominion. So what opportunity is there for a man of sixty-five or over to be able to find useful employment in Canada? Does it not seem absurd that our older population should be working when young men and young women in their teens and early twenties are walking about idle?

I have said that on two previous occasions I had a similar resolution on the order paper, but on both occasions it was talked out. The minister claimed that it was not possible for the government at that particular time to give to our older people a pension at a lower age than is now provided. I feel sorry for the government for the stand which it took, because the Minister of Pensions and National Health pointed out a few minutes ago that it is only a question of time before other social legislation of a similar nature will be enacted and put upon the statute books, and I think it would be a good thing from the point of view of the government for them to come forward with a definite statement that they will, if not at this session, at another session, grant the request I am now making and give to our older people some real hope that pensions will be granted in the near future at a lower age than is the case at present.

When I put that request in the form of a motion, all I am asking is that there be a fair distribution of our wealth production in this dominion. I do not want to take anything away from anybody. I do not even covet the wealth of those who have riches at the present time, because I believe that we can produce to-day in such abundance that we can give a fairly high standard of living to every Canadian within the confines of this dominion.

I shall read just a few lines from a pamphlet which may be recognized by some hon. gentlemen in this chamber. I shall not read it word for word, but will change a word here and there:

> Our party recognizes that the problem of distribution has become more important than that of production, and believes that personality is more sacred than property. Our party will devote itself to finding ways and means of effecting a fair and just distribution of wealth with increasing regard to human need, to the furtherance of social justice, and to the promotion of the common good.

I want to say, Mr. Speaker, that every member of our Cooperative Commonwealth Federation group, and I have no doubt my friends to my left, will subscribe to the few words I have just quoted.

An hon. MEMBER: Hear, hear.

Mr. HEAPS: My hon. friends of the Social Credit party say "hear, hear." I wonder if hon. gentlemen of the Liberal party would be just as willing to subscribe to these views as members of the Social Credit group or of the Cooperative Commonwealth Federation. I have not yet heard any loud shouts from the Liberal party opposite. May I say that I have just quoted from a speech which the Prime Minister uttered in this House of Commons on February 27, 1933.

Mr. MacNICOL: He was in opposition then.

Mr. HEAPS: Old age is becoming a more serious problem in some ways than unemployment. After all, when a young person in his twenties or thirties is out of work he has some hope of some day being a little more fortunate and finding employment. But when a person advances along in years and old age begins to creep upon him, we find that he is not wanted in the labour market and his opportunities for a livelihood become more and more restricted as time goes on. When we see the figures of the numbers who are in receipt of old age pensions to-day, and the vast number of people in this dominion now over the age of sixty, we realize what a complicated and difficult problem old age is really becoming.

There is another problem in connection with old age that arises out of the advancement of medical science. The expectancy of life to-day is becoming greater and greater, and as it increases and people live longer they find it more difficult to earn a livelihood. Consequently the question of old age is one that I think ought to be dealt with in such a definite way as to give some hope to the older people of the dominion.

It may be said that if we give pensions to those of sixty or sixty-five years of age we do away with the incentive of what the Minister of Finance might call that good old Scotch habit of thrift.

Mr. DUNNING: It is not only a Scotch habit.

Mr. HEAPS: No, but I thought the minister might have called it that. I mention that fact because to-day the average worker is not in a position to save very much out of the wage he receives. The average wage to-day is so low that very few people, comparatively speaking, receive what might be termed a saving wage. May I interject here that a good many of the figures we quote as to wages in Canada are not altogether as accurate as we would like them to be, for the simple reason that when our bureau of statistics gives us the annual wage, it shows what would be earned if the worker were engaged for a full year, but the great majority of our working people do not work the full year but have periods when they are on short-time.

I believe that our aged people to-day are entitled to their pensions not as a matter of charity, as some people look upon old age pensions now, but as a matter of right in just exactly the same way as a pension is granted to a judge or a general. I believe that those workers who have given of the best years of their lives to build up our social structure in this dominion are entitled to the old age pension in the same way as our soldiers and judges, many of whom to-day are in receipt of exceedingly large pensions.

My plea this evening is for economic security for our older population. When men and women have given of the best years of their lives in building up the state and providing for others in the community, I believe they are entitled, when they reach old age, to a measure of economic security which they do not have to-day until they reach the age of seventy. We have to-day at the present time, as has been pointed out time and time again in this house, an abundance of everything in this dominion. It is not a question of production; this has been solved; it is now a question of distribution. I do not think it is beyond the ingenuity of members of this house or of the government to devise ways and means whereby there can be a fairer distribution of our wealth production so as to provide adequately for people in their old age. It is often said that there is a great deal of discontent in this country, but the surest way of removing social discontent, as has so often been pointed out, is to give to our people that economic security which to-day is denied them to a large extent.

I am sorry to think that whereas in practically every part of the British empire old people are to-day receiving pensions at a much lower age than seventy—at the age of sixty-five, and in some parts at sixty—we in Canada can give pensions only at the age of seventy.

Mr. DUNNING: What countries are giving non-contributory pensions at sixty or sixty-five?

Mr. HEAPS: Australia.

Mr. DUNNING: No.

Mr. HEAPS: At sixty-five, both Australia and New Zealand.

Mr. DUNNING: No.

Mr. HEAPS: If the minister has the facts before him I hope he will give them to the house.

Mr. DUNNING: Their acts are not in operation yet.

Mr. HEAPS: The minister is not quite correct in that statement. They have had old age pensions in Australia for the past thirty years so that the scheme is bound to be in operation, and they have had them in New Zealand for about the same length of time. The new act in New Zealand is not yet in operation—that is, the act which the Minister of Pensions and National Health spoke of as coming into effect on the first of April, the act passed by the Savage labour government. But in New Zealand and Australia pension schemes have been in operation for approximately thirty years. I do not believe they have been entirely on a contributory basis. However, if the minister has the facts I hope he will give them to the house when he speaks. In New Zealand the act has been widened to an enormous extent under the new legislation which has not yet become operative. There the minister will find that provision is made for pensions at the age of sixty. However, I say this to the Minister of Finance. If he finds fault with the act either in New Zealand or in Australia—

Mr. DUNNING: I am not finding fault.

Mr. HEAPS: Oh, I thought the minister was finding fault. At any rate I am prepared to accept, so far as Canada is concerned, exactly the provision that Australia and New Zealand have made with regard to pensions. If they can give these benefits to the older people in Australia, New Zealand, the United States, Great Britain and many other countries which I could enumerate, why can we not do the same in Canada? Why should we lag behind other nations in our social legislation? There is no reason in the world, because we are in no way poorer than they. In fact, Australia carries a tax burden somewhat greater than we do, and they are prepared to shoulder their full responsibility when it comes to social legislation. If those countries are prepared to shoulder the

responsibility of advanced social legislation there is no reason why we should not do the same.

There is no use in saying that this is a matter for the provinces or that the cost will be so great. I do not think that is a valid excuse. The people of Canada are prepared to-day to take a long step forward in the matter of social legislation, and I trust that when the minister speaks he will give us a more definite assurance than we have so far had, that in the immediate future the old people of Canada may look forward to having pensions at a much lower age than seventy as at present.

Mr. HARRY LEADER (Portage la Prairie): In the first place I wish to congratulate the hon. member for Winnipeg North (Mr. Heaps) upon his persistence in bringing this motion before the house session after session. At one time I took exception and was not willing to lend my support to his resolution for the reason that he had scaled the age limit down from seventy to sixty, and I did not believe that Canada could afford to pension off old people at the age of sixty. However, I have almost come to the conclusion that we could do that. Perhaps I should put it in this way, that we should do that, for the reason that I am getting older myself and am looking forward to the day when I might be eligible for an old age pension.

To-night I want to say that I will support the hon. gentleman's resolution. It begins:

> Whereas it is becoming more and more difficult for older persons to be absorbed into the useful, productive life of the dominion—

I agree with that. We who knock around among our people know that is absolutely true. We find so many people out of employment. Many sturdy young men are looking for jobs which they cannot find and we sympathize with them, but we sympathize far more with the older men who are unable to secure positions. We could quite well grant them a pension of $20 a month to help them in their old age. The second part of the resolution reads:

> And whereas Canada is a country richly endowed with natural resources capable of maintaining our whole population in a reasonably high standard of living—

I agree with that also. We like to say that this is the grandest country in the world and that we have the greatest natural resources of any country. Then why not use them for the uplift of the people who live in Canada? The resolution goes on to say:

> —that this house would welcome a government declaration of policy that would bring about an immediate lowering of the present pensionable age limit of seventy years.

[Mr. Heaps.]

My opinion is that the government should lower the age limit to sixty-five. The hon. member mentioned that old age pensioners were not receiving the full $20 a month allowance. I can vouch for the truth of that statement from my own experience. I know of one pensioner who was granted only $15. On making inquiries I found that this particular pensioner, a woman, was keeping house for a relative; it was thought that her services in that capacity were worth something and so the administration at Winnipeg decided to limit her pension to $15. I am glad to say that when I took the matter up with the commissioner in Winnipeg, it was rectified.

Mr. DUNNING: Does my hon. friend think it just that some person should get the services of that old lady, make her work, and not pay her? That is one of the major abuses.

Mr. LEADER: I am not saying they got her services. She was just living there.

Mr. DUNNING: The hon. member said she did housekeeper's work.

Mr. LEADER: I take this stand most definitely, that if she was entitled to $20 a month it does not matter where she was living.

Mr. DUNNING: That is not what the resolution advocates.

Mr. LEADER: I am glad to say that the matter was rectified and she is now getting her pension of $20 a month. I know her personally and I can say that no one in this dominion is more entitled to that pension than she is.

Mr. DUNNING: My hon. friend is taking me up wrong. I am not saying the old lady was not entitled to it. But I say that those who were getting the benefit of her services as housekeeper should be made to pay for them. And I stick to that.

Mr. LEADER: I disagree with the minister in that regard. I claim that if she is entitled to that $20 a month she should get it whether she works or not.

I want to deal to-night with two or three questions that have been asked me by my constituents. Some point out the inequality of our pensions and say that judges, if they retire after fifteen years' service, are granted pensions at two-thirds of their salaries, which may amount to $10,000 a year. They point out that these judges may live in any country in the world and still retain their right to the pension. I know as a fact that it is being paid under such circumstances, while if old age pensioners leave Canada for thirty days their pension is immediately cut off

until they return. I have no fault to find with the law that compels a Canadian to live in Canada if he is drawing a Canadian pension; but that is where the inequality comes in, it should apply to every Canadian pensioner, to the judges of our higher courts as well as those receiving old age pensions. It is inequalities like that which cause so much unrest; that is why people are saying, "What is the matter with democracy?" I could tell about a certain judge who was getting a pension of $6,000 a year; his last year's salary at the expense of the taxpayers of this country was $30,000, and he refused to pay income tax on it. He was assessed $9,000 on that $30,000 gratuity as he called it, but it was remuneration; he refused to pay, and the courts of this country upheld his contention. Is that justice?

Mr. FAIR: It is democracy as it is operated to-day.

Mr. LEADER: I brought up in this house the question of the returned men, who went to France and offered their all, were wounded, buried in shell holes, and after three years' service were so anxious to get out of the army and get home that although they had a disability the dead-line was reached before they put in their application. I know one man who has not reached the age at which he is entitled to the veteran's allowance. He is able to drive a school van that takes the children to school and thus make a few dollars a month, and he is denied a pension. I am not suggesting that our pension law in regard to our returned men has not been very liberal, but that is one case and perhaps there are thousands throughout this dominion in the same position. It is so hard for those returned men, who offered their all, to get a pension, yet a judge who does not need to worry is relieved by the courts of even having to pay income tax, and he does not have to live in Canada, whose people pay the pension.

Let me come back to those old age pensioners who are perhaps destitute, yet, who, because they have some relatives who are able to assist them to a limited extent, have the amount of that assistance deducted from their pension. I say again it is not right. Those people are entitled to that $20 a month, and it is not right to oblige them to look to their families to support them. If the family have enough pride—and many of them have—to keep their father or mother from getting the old age pension, that is all right, but if they have not enough pride, or perhaps enough money, that is no reason why these people should not have every dollar of that pension which has been granted them by the laws of this country.

Another question that has been asked me is why the pension is cut off when the recipient leaves Canada. I knew an instance where a certain pensioner left Canada to visit some relatives in California, and when the authorities found out he was away, his pension was promptly cut off and he had to do without it for the time he was away. I do not find any fault with that, but I am coming to another illustration. We had a judge in my own city of Portage la Prairie who for twenty years lived in California but drew his pension of $3,000 a year. I believe he has died recently, but for nearly twenty years he was being paid $3,000 a year by the taxpayers of Canada while living in a foreign country.

Mr. DUNNING: May I suggest to my hon. friend that that is not an argument in favour of this resolution, but an argument in favour of amending the Judges Act, an entirely different statute.

Mr. LEADER: Well, I would not worry about the Judges Act, I would amend the Old Age Pensions Act.

Mr. DUNNING: That would not stop the judges from leaving the country.

Miss MACPHAIL: The hon. member is talking about the inequality of treatment.

Mr. LEADER: Well, I would not stop at amending the Judges Act. I would see that there is more equality in this country and stop driving the minds of the people to something worse.

Another question that was asked me was why the Old Age Pensions Act was changed. Formerly it provided that an old age pensioner should get his pension from his seventieth birthday; it was retroactive. If it took a year to secure the certificate of birth and other material which was required, the pension would be paid from his seventieth birthday. I was surprised to learn, two years ago I believe, that the act was amended so that the pensioner—

Mr. DUNNING: The act was never amended.

Mr. LEADER: Well, I think it was by order in council.

Mr. DUNNING: No.

Mr. LEADER: Will the minister deny that the pension is now paid from the date the application is accepted?

An hon. MEMBER: The date he makes application.

Mr. LEADER: No, the date the application is accepted.

Mr. DUNNING: The existing regulation, which was put through at the instance of all the provinces, they being partners with the dominion in this matter, provides for the application being made before the age of seventy is reached, so that the applicant has plenty of time to have his application accepted before he becomes seventy years of age. But all the provinces desired to have no retroactive provision. That is why they were willing to agree, at my request, that the time for application should be advanced to some time before the age of seventy was reached in order that it might be acted upon by the time the man became eligible. That is the present regulation.

Mr. LEADER: Well, I take it I was right in making the statement that the pension is paid from the date the application is accepted.

Mr. DUNNING: Yes, quite.

Mr. LEADER: I realize that the regulation is that they should make application two months before reaching the age of seventy. But many of these people are from Great Britain, and they must send to the old country to get the records. I know one case in which it took a year to get the proper records, and the pension was granted only from the date the application was accepted. Even in parts of our own country records were not kept seventy years ago, and people have to go to a great deal of work to dig up information to prove that they are seventy years of age.

Miss MACPHAIL: It takes three months.

Mr. LEADER: And they lose the pension for those three months.

Mr. DUNNING: There is nothing to prevent them from starting to get their records two years before if they want to. They can make actual application within three months of their seventieth birthday.

Miss MACPHAIL: They do not know about it.

Mr. LEADER: Well, I think I have exhausted the ten minutes that I promised myself I would take. I have made one or two recommendations which I hope the minister will take into consideration. I say it is not right that the pension is denied them after they are seventy; I think it should be granted, if not the day they are seventy years of age, at least the day they put in their application, not when the application is accepted.

[Mr. Leader.]

Mr. J. S. WOODSWORTH (Winnipeg North Centre): While it seems that progress along this line is disappointingly slow, I do believe we are making some progress, at least as far as the general public is concerned, and possibly even in this house. I think back some years to the time when the old age pension legislation was put on the statute books. It was done with the greatest difficulty against the strongest possible opposition. We were told of the constitutional difficulty. Sticklers for the constitution said it was simply impossible to carry out any such scheme under the British North America Act. There was much the same kind of argument as the one we had to-day with regard to state medicine. As a matter of fact, although several of the provinces stayed out at first, one by one they came in until to-day they are all in. This notwithstanding what was said a few years ago about the constitutional difficulty, and their determination to boycott the whole scheme. Quebec, from which we have the most strenuous objections, has finally joined the other provinces.

So we were told it was absolutely impossible to finance this scheme. Well, it has been in operation for some years now. All the provinces are in; there has been a very large increase in the number of persons coming under the scheme, but this country is not quite bankrupt. Even if it is nearing bankruptcy that is not because of the claims of the old age pensioners.

Then we were told that we should not introduce this scheme for high moral reasons. I recall very well hearing it said in this house that by paying old age pensions to people of seventy we would be encouraging shiftlessness, that if they were sure of getting an old age pension at seventy no one would save. Further we were told that it would practically break up the family, because it was the duty of the children to care for their aged parents, and if those parents were looked after by the state the consequence would be that the children would not love their parents any more.

Mr. DUNNING: I hope my hon. friend is not looking at me now. I never said anything like that.

Mr. WOODSWORTH: No, the minister did not, but others in this house did. Still others said it was the religious duty of the rich to contribute to the poor, and that if the state stepped in to look after the poor aged people then the rich people would not have any way of fulfilling their religious duties. Apparently they were afraid they

would not go to heaven! We were warned of all these dire consequences, but such objections have all been swept away. Some of the people who made those objections have gone to their own reward, but still the scheme goes on.

We must remember that conditions have changed from the old days. I can remember when I was a child frequently seeing an old man sitting by the fire, or an old lady sitting in her cap and gown; my own grandmother, if you will. Many of us can recall such scenes. Who would begrudge the old gentleman or the old lady the little bit of food required or the clothes they wore? And they wore their clothes for a very long time in those days. To-day conditions are quite different, even on the farms, particularly those of the west which I know best. There are very few of these family farms where the old people can sit in comfort by the fireside. On the majority of the farms of the west that condition does not exist. Certainly when you come to the cities you find people who, in seeking work, have shifted from place to place. Most of the western people came either from eastern Canada or from overseas. The Minister of Finance (Mr. Dunning) knows as well as I do that they have moved from place to place, so that in many instances they have no long established residence. That, of course, is particularly true in the industrial centres. Under these changed circumstances we must adopt new methods. We must care for these people who did the pioneering in this country and who surely are just as worthy of being looked after as any other class in the community.

My hon. friend the member for Portage la Prairie (Mr. Leader) spoke very strongly with regard to judges. One might refer also to civil servants, some of whom get quite tidy pensions. One might refer to the senate, where many former members of this house are now enjoying a comfortable salary in their declining years. The distinction between civil servants or judges or members of the senate on the one hand and farmers and industrial workers on the other is rather arbitrary. I assume they have all contributed to the upbuilding of this country, but why is it that simply because a man belonged to one particular class or was fortunate enough to be placed in a certain recognized position he is well looked after in his old age, while other people who in their own sphere have worked just as faithfully and done just as much for the upbuilding of this country have to pass a miserable old age?

Now I should like to say a few words with regard to the present administration of old age pensions. In this instance I am glad not to have to criticize the dominion but must criticize rather the provincial governments. As my colleague said, I do not think the provincial governments are living up to the terms of the act, which laid down that under certain conditions the pension should be $20 a month. I do not believe any provincial government has the right to reduce that amount to $15. The act provided that people might have an income of $125 from other sources and still receive that $20 a month. That provision has not been lived up to in a great many instances, and it seems to me the dominion government should bring pressure to bear upon the provinces. After all, the provinces did not enact the Old Age Pensions Act.

Mr. DUNNING: Oh, yes, they did, in each province.

Mr. WOODSWORTH: Yes, they passed supplementary legislation, but it was an act of this parliament that laid down the conditions. We passed the primary legislation and the provinces, if they came in as "partners," to use the phrase of the Minister of Finance, came in on the terms of the dominion act. It seems to me if they are not willing to come in under those terms they should stay out. Then each province could settle the matter as to whether or not that particular government should remain in office. I want to protest against the badgering of old people and against the cheese-paring policy that is so often followed in connection with old age pensions. I should like to read a letter from my own constituency, dated March 3, which has just come into my office and which is typical of scores I have received. I had not time to have this letter copied, but will try to make out the writing:

> In reference to old age pensions no doubt you are aware that a great majority are not receiving the full amount, namely twenty dollars. For instance in my case I receive fifteen and a quarter monthly. I was seventy on the first of May, 1938, but I did not receive my first cheque until the first of October, so you realize they have not given me the months intervening, a matter of five months. I have learned the fault lies with the Manitoba government. I have lived permanently in Manitoba for the last thirty-two years, had a lot of sickness and unemployment. I never had a banking account. I borrowed money on my home when my sons came home from the last terrible war. They were gassed and they were unemployed for a long time. They do not receive any pension. I really do consider this should have been the government's responsibility. I have never been able to get relief and have not been able to pay off the mortgage. . . . To further complicate matters we are obliged to give names of sons and sons-in-law for further particulars with a view to get them

to support us. Possibly I see in this a move to lessen our pension. Why should these young people be further penalized? The social welfare do all the investigating, nothing but highly organized spies. I think it cruel for poor old people to be subjected to so much obnoxious embarrassment.

The letter continues, but that is the gist of it. I heartily agree with the writer of that letter. It seems to me provision could be made to eliminate this constant interference with the privacy of the lives of people who have to accept old age pensions. I do not believe the investigators should have any right whatever to attempt to force the sons and other relatives to take over the responsibility for the care of these old people.

As my colleague has said, with the productivity of this country we ought to be able to lower the age and also raise the amount that is to be paid. I believe that to-day almost all people are living under higher tension than that under which people used to live. They are not able normally to carry on as long as many of those who lived in the quieter days of long ago. They may indeed live, but they are not fit for active hard work. We all know that there are many people in business and professional life who are turned off at sixty. What is there for such to-day?

Some of us who are rapidly approaching the age of sixty-five may be still able to do intellectual work. But I think of a good many of the men and women whom I knew as children. Many of them have dropped out. Those who were engaged in physical work are not able to carry on. Those who went farming are not as active as they used to be years ago. If they are on their own or their children's farms they putter around doing chores. In industry very few are actively engaged in jobs after they have reached the age of sixty. According to the old scriptural phrase a man's allotted years are three score and ten or, by reason of strength, four score years, then he passed on. Only at three score and ten years do we give him a pension, though he is probably played out at three score!

There is a big gap between sixty years, beyond which very few are able to secure work—especially manual work—and the age of seventy years at which they become eligible for old age pension. In these years, what are they to do? I can speak with the greatest assurance about the west. There are thousands in my own city who cannot get work at the age of sixty. What are they to do during the next ten long years? A great many of them are now on relief. Why should they not have some little security for their old age. I have read already a letter which came to-day. Within the last week I received another letter from a lady of sixty-six years of age who recalled that we had gone to school together in Brandon when we were children. This lady taught school in the rural sections of Manitoba during most of her life. To-day she is on relief. At her age she cannot get a school. For one or two years recently she did go out in an extremely backward district, at which time, owing to the extreme cold and the poor accommodation she was able to obtain, she contracted physical troubles. To-day she finds it next to impossible to get a school. What is she to do? I can remember the time in the old days when she lived with her mother. Many women helped to support their old mothers, and helped to send their brothers and sisters to school.

Sometimes in the comfort of this chamber we forget the conditions under which many people must live. Here is a lady who has carried on a useful life. She is not eligible for pension. At the age of sixty-six she finds herself compelled to wait for several long years, probably on public relief. Then she will be eligible for $20 a month—another kind of charity. She will have to swear up and down that she has nothing coming in. She will be investigated and badgered by officials. This, instead of receiving an old age pension as her right, because she has helped to build up the country.

As the hon. member for Portage la Prairie has said, I think we ought not to have such great inequalities in the manner in which we deal with people. Older people ought to be dealt with as I am sure all hon. members would feel like dealing with them, if they were dealing with them personally. We would treat them with a certain dignity and recognize the work they have done in the past. We would give them a pension, not as a matter of charity, not as a bit of wretched relief, but give generously—something more than $20, something more than a miserable $15 for the one who is unfortunate enough to have a husband or a wife surviving! What after all, is $25 a month to an old man who has done his bit in the building up of Canada? How would we treat our own fathers and mothers if we had the chance? Why not act thus toward others? Why not do as much for other people, many of whom are equally worthy, but have not had as good an opportunity in life?

Mr. L. A. MUTCH (Winnipeg South): Mr. Speaker, when I rise to support the motion as it appears on the order paper I hope it will not be interpreted as an endorsation of all that has been said by others who are supporting the motion. It is perhaps a little peculiar that we have wandered away from the actual subject of discussion to a consideration of real or imaginary grievances in connection with the administration of the act. Since that administration lies in the provinces I do not propose to spend any time in discussing it to-night.

This is the third time I have risen in the house to support a resolution lowering the age at which old age pensions may be given. The government have accepted the age of sixty-five as that at which we might reasonably be expected to retire from labour. Although they have accepted that in practice, they continue to deny it in principle. Consequently we have this situation of once more postponing that which is inevitable. I wish it were possible, particularly in connection with social legislation which is recognized as inevitable, that we might meet the inevitable now. I do not see why it should not be possible at this session not only to consider the advisability of immediately lowering the age for old age pensions from seventy to sixty-five years, but to give something more than cursory consideration to the possibilities of old age pension which under a contributory scheme might provide optional ages of retirement.

I am not one who thinks that by cutting a man off at the top, putting him on a form of government subsistence, and bringing in a younger man at the bottom we are creating another job. I hope I have sense enough to know we do not do that. But what is much more important is that at least we give a measure of security to a man who during his lifetime has made a contribution. We take him at a time when he is not likely to be greatly demoralized by the acceptance of what some of our proud old people still consider to be a form of relief, although I do not hold with that view, myself. We are not so likely to demoralize them by offering that form of keep. On the other hand it cancels out a much more serious loss at the other end of the labour market. Two or three years ago we talked about unemployed young persons about the age of twenty-five years. I think to-day we would be justified in placing them between the ages of twenty and twenty-eight years. I say that because I personally know many young persons of twenty-eight years who have had no opportunity of getting permanent employment.

Consequently, while we do not create new jobs by expanding the number of those who have retired upon some form of competence, we do bring in the same number of young people who need work. It is much more important, not only for them individually but for the country as a whole, that they should have work.

I am getting tired of having to go to departments of government or to business employers whom I may happen to know, to plead that a man who has reached the age of sixty-five years may have one more year to make a little more provision, so that there will be one year less in which somebody else will have to support him until he reaches the age of seventy and is able to get his old age pension. Whether or not those people should have been thrifty, whether or not fault is to be found because they are not able to look after themselves in the five years from sixty-five to seventy, the fact remains that the great majority of men, particularly those who live in our cities, are not independent when they reach the age of sixty-five years. I have talked with scores of such men in the last two or three years who have told me that they do not want to hang on to their jobs past sixty-five years of age. They told me they knew of younger men who needed work, but they wanted to know what they could do. Their families could not keep them, and they did not know where they could go or what they could do in the years between sixty-five and seventy.

I am satisfied that now is the time when something should be done about this problem. I do not believe it is an insurmountable problem, but perhaps we may have to sit down to figure out some contributory scheme which would permit of an earlier retirement. The situation for many is hopeless now, but must it go on being hopeless forever? My purpose in rising is to say that if this measure goes to a vote I shall support it in the words of the resolution. I urge the government either to do something now or to give an indication that something will be done. This should not be one of those things which is postponed until the inevitable hour.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, it would be much more pleasant for me if I could take the side of this question which the hon. members who have spoken have taken. It is much more pleasant to rise in one's place and advocate

the paying of money to people who need it than it is to demonstrate the difficulties attendant upon such a course. I do not think some of the speakers have been fair either to the dominion government, to the provincial governments or to myself as minister in the attitudes they have taken. However, that is part of the responsibility of government and one must accept it. Needless to say, the popular rule in these days is to advocate the paying of money to people. The larger the number of people to whom one can advocate the paying of money, the more likely one is to get sympathetic support. I say again, as I have said before in this house, that no scheme has yet been devised whereby money can be paid by the government to some Canadian people without taking that money in some way or another from all the Canadian people. If I leave out the word "money" and substitute the word "value," perhaps in that statement I may get the support even of my Social Credit friends. However that may be, it is becoming a function of government to an increasing degree, to redistribute wealth. Particularly since the war has this government taken from all to give to some and I am one of those who believe that this tendency will continue.

I consider it to be my duty to bring to the attention of the house the extent to which we do this by way of war pensions, every one of which has been richly earned, to the extent of $50,000,000 or so a year; by way of old age pensions to the extent at the present time of some $30,000,000 a year; by way of relief and so on. We do in fact redistribute five or six hundred million of the national income which comes into the coffers of the treasury. This is redistributed either in the form of payments to individuals, in the form of pensions or relief, or in the form of payments for services which are insisted upon by the community for the community.

Mr. POOLE: Or interest.

Mr. DUNNING: And interest. By the way, I should tell my hon. friend that interest is the one expenditure which has been decreasing during the last three or four years while all others have been increasing. In spite of an increase in the public debt to the extent of nearly a billion dollars in the last eight years, our interest bill this year is lower than it has been in any year since the war. I think this fact should be stated when we emphasize the payment of interest, which is the wages of money.

With respect to the old age pension system and the principle of old age pensions, the hon. member for Winnipeg North Centre (Mr. Woodsworth) went into the history of this matter. I sat in the house, as did he and a number of others, when this legislation went through. I am quite prepared to accept the statement of the hon. member for Winnipeg North Centre as to some of the things which were said on that occasion by some of the members. I do not remember them, although I do remember quite distinctly that members on all sides of the house at that time, and indeed prior to that time, were anxiously looking for a way, within the limits of the constitution, by which old age pensions could be commenced in this country. I think that was a general desire on the part of the members of the house at that time, and for several years preceding the actual inauguration of the scheme. Many of us believed that the only type of scheme possible under our constitution would run the risk of not being adopted in some of the provinces. In spite of what our friends in the corner say, there is a real constitutional difficulty in this parliament endeavouring to promulgate something which under the constitution is within the jurisdiction of the provinces.

I say again, as I have said before, that there is no better illustration of the long term unwisdom of attempting to evade the constitution by means of agreements between the dominion, on the one hand, and each separate one of the nine provinces, on the other, than the very old age pension scheme we are now discussing. I have had experience in endeavouring to get a degree of provincial unanimity which would make possible improvements in administration in the interests of the old age pensioners, many thousands of whom are within the intent of the law bona fide entitled to old age pensions. At the same time I endeavoured, and I believe the provinces endeavoured, to reach an agreement on regulations which would prevent thousands who were not bona fide entitled to old age pensions under this law from getting them. In spite of the appeals to prejudice made from some quarters of the house to-night, I conceive it to be my duty to endeavour to carry out the law as it was placed upon the statute books of this dominion.

But there are difficulties. One of the real difficulties of abridging the constitution in this matter—because it is really an abridgement by agreement of the plain intent of the constitution that this particular form of activity should be under the provinces and within their sole jurisdiction—is that having entered into agreements with each of the nine provinces, which agreements could not in the very nature of things in connection with experimental legislation foresee all of the

thousand and one points which would arise, once the provinces commenced operating the scheme in cooperation with the dominion, minister of finance after minister of finance—not merely myself—had to endeavour time after time to secure that degree of agreement between the nine provinces separately and the dominion which would make it possible to bring this scheme more into harmony with the original intent of the law as we understood the law.

It was not until a little more than a year ago that finally, at a conference, a substantial agreement was reached on many points, not by any means on all the points of difference. The provinces insist that it is their constitutional right to administer this system, that they have an absolute right of veto of any change in the regulations. Please mark that. Each province says: We have an agreement with the dominion under the terms of which ten years' notice of termination is required. The province says: We have an agreement with you and that agreement cannot be changed except by mutual consent between the dominion and each individual province. And, Mr. Minister of Justice, they are constitutionally right, are they not?

Mr. LAPOINTE (Quebec East): Yes.

Mr. DUNNING: Can hon. members who look solely at the humanitarian aspect of the matter really see the difficulties that are inherent in a situation of that sort?

Mr. COLDWELL: On the other hand we pay seventy-five per cent of the money. So should we not therefore lay down the conditions under which we pay a major portion of the pensions?

Mr. DUNNING: There would have been no old age pensions had we not agreed to pay fifty per cent. Following through my hon. friend's point to its logical conclusion, what shall we say to the provinces? Shall we say to them: If you will not agree to do precisely as the dominion wishes in this matter, we will do—what? We will give ten years' notice that we are going to terminate the agreement? My hon. friend sees the dilemma.

Mr. COLDWELL: But all the provincial governments would be defeated on that score.

Mr. DUNNING: I am not discussing the political aspect of it at all, and I am not discussing the political complexion of any provincial government. To be perfectly fair to all of them, in any conference I have been in with the provinces—and they have varied in political complexion from time to time—I have never known the political aspect to enter into the discussion, and I freely confess that the provinces with their own knowledge of their own conditions are just as sincere and are taking just as sound a humanitarian view of this question as we are sitting in this house.

I am merely trying to make the point that this question of extra-constitutionality, which was never contemplated at confederation, is very difficult to work out in practice. It is for that reason that I have advocated before to-day, and advocate again to-day, that the constitutional responsibility for old age pensions and for unemployment insurance should be federal in character.

I believe, too, very strongly that a public body which has the power to expend money should be responsible for the raising of that money by taxation upon its own constituent body. That I believe to be a vital principle of sound government, and to the extent that we abridge the constitution by agreements in the manner in which we have done in this case, we to that extent at any rate violate that principle and make sound and fair administration more difficult.

Now, having said that, may I say further in defence of the provinces that, in spite of what has been said here, Mr. Speaker, I believe that every province is endeavouring to give fair and sympathetic administration to the Old Age Pensions Act—I believe that honestly—in accordance with what they consider to be their knowledge of their own provincial conditions. We may talk as we like, but twenty dollars a month in Prince Edward Island is worth more to a man or woman than twenty dollars a month in Saskatchewan. All the theorizing in the world will not equalize the cost of living across this dominion, or as between certain urban and certain rural sections of this dominion. That is one of the very reasons why the fathers of confederation divided the jurisdictions as they did, in order that differences in conditions might continuously be dealt with in the light of the smaller area where it is much more likely conditions will be reasonably uniform.

The arguments advanced here to-night by the hon. member for Winnipeg North Centre—who I am sorry is not in his seat at the moment, and the hon. member for Portage la Prairie, illustrate one of the great difficulties of the provincial governments—not of the federal government because the federal government has nothing whatever to do with deciding who shall get a pension or how much the individual applicant shall get. The federal government under the law and under the agreement is in the position of agreeing to

pay seventy-five per cent of what the province expends, and it may surprise hon. members to know that it was not until 1931, when the amendment to seventy-five per cent was put in the law, that the dominion got the definite power of audit. At the present time we do audit, but every province insists—and the law and the constitution are with them—that it is its right and its power to determine who is qualified under the law and how much under the law that individual shall receive.

May I say that the law never contemplated that a person in receipt of an income of over $125 a year should get an old age pension. That is written in the law.

Mr. HEAPS: The full pension of $20 a month.

Mr. DUNNING: The full pension of $20 a month, subject to a deduction if the income of the individual reached $125 a year. Let me put it in another way. A person could receive up to $125 a year from other sources without impairing his right to an old age pension.

Mr. HEAPS: Of $20 a month.

Mr. DUNNING: Of $20 a month, yes. The questions raised as to whether the province has a right to determine whether, when a man and wife live together, they shall receive $15 instead of $20 each, have been the subject of conflict between law officers of the crown in the right of the province and law officers of the crown in the right of the dominion ever since we have had the act, and I assume they will continue to be. I have reams of opinions here from provincial law officers and from our own law officers of the Department of Justice upon the subject. Some of the provinces say that so far as their people are concerned their people really believe that when a man and wife live together they should not get as much as two aged persons living apart. The hon. member for Rosetown-Biggar (Mr. Coldwell) may say that the province would be defeated on that. I do not know. That is what they say, and they say it to their own people. They are taking the responsibility. It is impossible for it to be otherwise in that regard.

The hon. member for Winnipeg North Centre objected to prying into the circumstances of these old people who are applicants for pension. Well, Mr. Speaker, I could, on the basis of inquiries that I have addressed to practically all the provinces of this dominion, bring before this house cases by the hundred where these very inquiries have been the only means of revealing that the persons applying were not entitled to old age pensions at all within the meaning of the law as it passed this house. They had in fact in a great many instances considerable property and had taken means to distribute it among their families a few years in advance of becoming eligible for old age pensions, and the very families who got it were not willing to keep them. I can tell this house that the provinces of this dominion, if they could reveal it, could show hundreds of instances of undoubted collusion. Their records also show a very great number of cases where the facts only became public after the pensioner had died and property turned up.

How in the world can any provincial administration be sure that an application from John Smith is bona fide and within the law, so far as need is concerned, unless they have provision for investigation and unless they ask all those questions to which the hon. member for Winnipeg North Centre objects? The provincial government is not endowed with second sight. The provincial authorities do not know, when John Smith applies, who he is or what his circumstances are. There is only one method of finding out and that is the method of inquiry. My hon. friend speaks of the insult to these old people in regard to the methods followed of verifying their statements. The hon. member for Portage la Prairie is righteously indignant because in a particular case the provincial government of Manitoba, finding that a woman was working as housekeeper, apparently thought the people for whom she worked ought to pay her wages. My sympathies are wholly with the pensioner in that case. I am of the opinion that when old people work they should be paid the same as young people, and I think the pension authority in any province has a perfect right to insist that anyone getting the services of an old person should pay whatever those services are worth.

With respect to the other matter which the hon. member for Winnipeg North Centre spoke of, the type of case in which he said children were pressed—harassed was the word I think he used—to provide for their own parents, he referred to the change that had taken place in that regard since he was a boy. There may be a change in the ability of young people to care for their parents; but I do not admit that there is a change in the moral obligation to do so. Neither do I admit that the state should take over a load which an old person's children could assume if they would.

Mr. JAQUES: Why pension judges?

Mr. DUNNING: I am not now discussing judges. The Judges Act is not before the house. The Minister of Justice (Mr. Lapointe) will no doubt be willing at any time to give full information with respect to judges; personally I do not have it. I am speaking of a specific matter, old age pensions, and I am trying to stick to it.

I would not advocate for a moment that children who obviously cannot contribute towards the support of their parents should be in any way compelled to do so, but I am one of those who believe that the provincial welfare workers who look into these cases are just as human as the members who have made such a parade of their humanitarianism in the house to-night, and I do believe they give sympathetic consideration to the circumstances of any of the children of pensioners with respect to whom applications come before them. But again I say that this house is not the place to advance complaints against the administration of old age pensions by any province, because of what I have before related as to the basis of the act itself and as to the right of the provinces, claimed insistently, to administer it.

I should give some information again as to what is involved in the resolution. The hon. member for Winnipeg North (Mr. Heaps) has changed his resolution this year. He is not now advocating reduction to a specified age—

Mr. HEAPS: It is the same as last year's.

Mr. DUNNING: —in the terms of the resolution. He is willing, as he puts it, to agree to any reduction at all as a step in the right direction. I believe he puts five years as the minimum that would satisfy him. I think I know him well enough to be able to say without offence, that I expect that a five-year reduction would satisfy him for one year, and that thereafter, in the light of what he sincerely believes, he would come along year by year in an effort to obtain a further reduction. I appreciate that, and I am not criticizing him for it. So that in the figures I asked to have compiled for me I asked what would be the financial effect of a reduction of the age from seventy to sixty-five.

Before coming to this point, however, perhaps I should indicate that at the present time, in spite of the alleged heartless administration of old age pensions by the various provinces, just about fifty per cent of all the people of Canada who are seventy years and over—just about half of them—are receiving old age pensions. The federal expense in that regard last year was $28,500,000 in round figures, and for the present year the estimates provide for $30,500,000. Even if we continue the present basis the cost for the next twenty or thirty years will increase very rapidly, though no more generous treatment is accorded. This increase will result partly from the normal growth in population and partly from the fact that in the next twenty-five or thirty years the percentage of our population over seventy to the total population will steadily increase, because our population has been so largely built up in the generation just past by the immigration of adult persons.

Let me give the estimates of our population at future census dates together with the number over seventy years of age, and the cost of old age pensions for them, assuming the present basis, assuming the present proportion, assuming the present rate of payment—and here I must say that these wicked provinces, as alleged to-night, who are so keen to cut down the maximum pension, are in fact to-day paying an average of slightly over $200 per annum to all pensioners. When we bear in mind that the maximum they could pay under the law is $240—if they paid the maximum to every one, that is all they could pay—it certainly does not indicate a heartless chiseling administration on the part of the provinces when the average today is over $200. Assuming then the same proportion as now, the same average payment as now, the cost to the dominion in 1941 would be $46,300,000; in 1951 it would be $62,000,000; in 1961 it would be $82,200,000, and in 1971 it would be $92,800,000.

Mr. COLDWELL: Will the minister explain how he arrives at that?

Mr. DUNNING: By the factors which I spoke of a few minutes ago, the estimate by the bureau of statistics of our increase in population, and estimates from the same source of the expected number of those over seventy years of age in our population at the dates mentioned, and allowing for continuation of the same proportion of those over seventy eligible for old age pension as are eligible to-day, and for that proportion receiving an average equivalent to that which is being paid to-day.

Mr. COLDWELL: And the same depressed conditions over that long period?

Mr. DUNNING: Well, one assumes that in assuming the fifty per cent.

Mr. COLDWELL: It assumes that no improvement in conditions is likely to occur.

Mr. DUNNING: If my hon. friend could assure me that conditions will be better, I should be pleased.

Mr. COLDWELL: I should like to. Perhaps they will be if there is a change of government.

Mr. DUNNING: At any rate one may say this, that that proportion of fifty per cent eligible, which is really the basis of my hon. friend's argument, has held fairly steady in the provinces which originally came into the scheme prior to the present depressed conditions. There is not the factor of variability there that my hon. friend would probably hope for and which I certainly would hope for.

Mr. HEAPS: But there is an enormous increase in the amount.

Mr. DUNNING: If my hon. friend will look at the figures I gave last year he will find the percentages of those over seventy allowed by the bureau of statistics in making this calculation are as follows: In 1931 our percentage of population over seventy years of age was six per cent. The bureau thinks it will be 6·7 per cent in 1941, eight per cent in 1951, 9·8 per cent in 1961 and 10·1 per cent in 1971, when it is estimated that a general leveling up will have been reached unless in the meantime our age groups are further affected by large scale immigration of particular age groups.

Now, if we lowered the pension age to sixty-five, the immediate additional cost to the dominion alone would be $18,859,000 a year. The total cost to the dominion alone if the eligible age were lowered to sixty-five would be $48,621,000 as against the $30,500,000 provided for the current year. If we reduced the eligible age to sixty, the estimated immediate cost to the dominion would be an additional $44,000,000 more than we are now spending. That is to say, to reduce the pensionable age by ten years would cost the dominion immediately some $14,000,000 more than the dominion is now spending on those over seventy, or a total of $44,200,000 immediate increase. Or the total immediate cost to the dominion this year, if the age were lowered to sixty, would be $73,900,000.

To the country as a whole the cost would be still greater; for one must remember that the provinces are in this, and this house cannot light-heartedly change this act and assume that every province will accept the financial obligations involved. I know that would not bother the hon. member for Winnipeg North; he would immediately say, "Let the dominion pay the difference whatever it is." That would be an easy way to get round that difficulty.

Mr. HEAPS: I am willing to speak for myself when the time comes.

[Mr. Dunning.]

Mr. DUNNING: Yes, but I venture to say that would be my hon. friend's solution.

Mr. NEEDHAM: It is a correct one.

Mr. DUNNING: If that is not my hon. friend's solution may I point out to him that there is nothing to prevent any province to-day from deciding to pay pensions itself to its old people between sixty and seventy years of age or any other age it sees fit.

Mr. POOLE: They have not the revenue.

Mr. DUNNING: But I thought my friends in Alberta came into office on the promise that they would provide all the revenue necessary to run that province and pay everybody $25 a month.

Mr. POOLE: Leave it to us and we will do it.

Mr. DUPUIS: What are you waiting for?

Mr. DUNNING: I think I have said all I want to say about the costs. I leave that part with the house. But I want to say a few words about the growing habit in this house of fouling our own nest as a country. Hardly a discussion of a humanitarian character arises but a number of hon. members state that we are the most backward nation in the world on this and on that. Mr. Speaker, I do not believe it. We are not a backward people. In connection with the matter which was discussed just before this resolution, I could have instanced and I wanted to instance that the people of this dominion are not backward in caring for hospitalization and for their sick and their fatherless; they do look after them; they average up as well as any country in the world in that regard. The difficulty is that some hon. members compare what Canada is doing with some country which has either evolved a scheme which enables their national government to do what in our country is a matter for the provinces, or where, as in the case of New Zealand or England, there is a unitary government, not a federal and provincial system of government as we have here. In respect to these matters our people are developing from the bottom up, which is the soundest way.

We had some information this afternoon from the Minister of Pensions and National Health (Mr. Power) indicating how the people themselves are cooperating in providing a measure of health insurance to an increasing degree, which I think is an encouraging sign, and I believe the time will come when we shall deal with the matter from the point of view of dominion assistance to schemes of that sort on the basis of helping self-help. That, indeed, is the basis of the British approach to many of these questions, and is

becoming the basis of the approach which is being made in Australia and New Zealand.

With respect to pension schemes, here also we are advancing in Canada every year. An increasing number of Canadian industries are evolving pension schemes. Unfortunately we have not complete details of all of them; we cannot show with chapter and verse the extent to which this movement has grown. In one branch of the government service, operated by my hon. friend the Minister of Labour (Mr. Rogers), the annuities branch, a remarkable development has taken place within the last two years, through industries utilizing the facilities of the government annuities branch in working out pension plans for their industry, in connection with which also I know the Minister of Labour has been mightily criticized from the opposite point of view to that of the criticism we are getting to-night.

In addition, Mr. Speaker, the Canadian people, thank God, are still imbued with sufficient individualism to want to provide for their own security for their old age, as far as they can. There is plenty of evidence of that.

Mr. JAQUES: Yes; a good, thick belt to tighten.

Mr. DUNNING: No one is speaking of belt tightening. No, Mr. Speaker; I am referring to those three and a half million Canadians who are trying to provide, in some measure at least, for their own security through the medium of life insurance. I am thinking of those four million Canadians who at this moment have savings deposits in our Canadian banks. They are trying hard to contribute towards the provision of their own security, and the extent—

Mr. POOLE: What about the—

Mr. DUNNING: My hon. friend can make his speech. Every time I am making a point he just butts in with a boo-boo-boo-boo-boo. If social credit has nothing better than boo-boo-boo-boo-boo, it had better be quiet.

The average Canadian does not want the state to keep him. It is all to his credit that he does not, in my opinion. That does not lessen the obligation of the state to look after its own sick, its own old, its own halt and its own blind. I am not urging that for a moment; but at times, Mr. Speaker, do we not concentrate our attention rather too much on the seven or eight hundred thousand people who are on relief to-night and think rather too little of that great body of our middle-class represented by those four million of whom I spoke who have some savings and by those three and a half million—of course there would be some overlapping in these two groups—who are attempting to make provision for their own security by way of life insurance? They are the great burden bearers of this nation, the great middle-class of this country on whom, under any system of taxation, the major burden in proportion to means will rest. I am thinking of them to-night as we speak of those who ought to be maintained by the state, because in the last analysis those who are so maintained are maintained in very large degree by that great middle group of Canadians who are trying to make provision for their own security and who, out of what they do earn or make, are the great body of taxpayers of this dominion.

In conclusion, Mr. Speaker, I should like to read what I said in this house on this question last year. Oh, I know I shall be described as reactionary and as orthodox. Thank goodness the ten commandments are orthodox, but they are still pretty good. Speaking for myself, I could repeat to-night every word I said last year, when I made this statement:

> In conclusion, I should like to give the house an indication of what I believe our objective should be with regard to old age pensions, and also some idea of the course I think we should pursue in attaining that objective. In the first place, experience in operating this type of social legislation, from the dominion point of view, convinces me that we should look towards a national scheme of old age pensions, nationally administered. I am convinced, in the second place, that the British system of making the lowering of the age limit contingent upon the contributory feature is a sound objective to pursue, and that we should look in that direction. Indeed I am one who believes that there is no limit to what can be worked out in the direction of lowering the age limit, provided we had a national scheme, nationally administered, and provided that the period below seventy years was made definitely contributory.
>
> I think the experience of the British scheme gives us considerable data to work upon in that regard, and I believe that broadly our objective should be, as I have just stated, ultimately to reach a place where we would have a national scheme of old age pensions, nationally administered, and with the contributory feature prominently associated with any ages lower than the age of seventy, which is the present qualifying limit.

Then further on:

> Now, as to the course which should be taken to attain them—

That is, the objectives mentioned.

> As I indicated at the opening of my remarks, at the present time we are in the position of not having legislative jurisdiction with respect to this matter. There are high constitutional authorities in this house of parliament who take the view that it is doubtful if we have the constitutional authority to pay the seventy-five per cent which we are now paying to the provinces. That view has been expressed on more than one occasion in this house, and

while I do not hold with it, at least it gives an indication of the difficulty surrounding the attainment of the national objectives which I have just described.

Therefore we must somehow reach a place where the constitutional authority in the matter is beyond question, where this parliament can set up an old age pensions scheme of a type it deems to be desirable and also have the power to administer. When I say that, it must be remembered that I am not unmindful of the extra cost to the dominion that would be involved or of the fact that if this parliament assumes a burden which the constitution presently places upon the provinces, then this parliament must receive access to fields of taxation, sufficient to enable it to meet the added cost in a national way. If we undertake greater national responsibility, then we must have wider national fields from which to derive the revenues necessary to maintain those national responsibilities and national institutions.

It is well known that in the hearings before the Rowell commission the matter now under discussion was developed I think by every province which appeared before that body. Elaborate and careful studies have been made by economists and welfare workers on behalf of the provinces, and in addition the commission has had its own independent studies made of the question in its relationship to the great question of adjusting the financial relationships between the provinces and the dominion. That is the position in which we are now. In the meantime, under a system which is admittedly faulty because of that bridging of the constitutional difficulty which is involved in the agreement I discussed earlier in my remarks, we are carrying on. I believe we shall reach a point where the provinces will be convinced that the national parliament and the national government—

Mr. MacNICOL: National government?

Mr. DUNNING: Not in the sense my hon. friend has in mind; perhaps I should say the federal government; "national" is rather a dangerous word to use these days—that the federal parliament and the federal government should have the undoubted right to work out, to enact, to administer and to pay for a national scheme of old age pensions. If I had my way, in introducing such a scheme the remarks I have just made, quoting what I said last year, indicate what I think is the sound course. I am of course, not advancing that as definite government policy. At this stage it would be impossible to introduce such a scheme, but I close with this thought, that in pressing this upon this parliament, hon. members should not forget that the agreements with the provinces in no way estop the provinces from supplementing, out of their own resources, the amount of pensions now paid. It is only six or seven years ago that the provinces got fifty per cent from the dominion. When they received an extra twenty-five per cent, did any of them pass it along to the old people in the form of increased pensions? No. The extra contribution was used—as they had a perfect right to use it—in the reduction of their own expenses and their own requirements in the field of taxation.

I have tried to cover the matter as dispassionately as I can, having regard to the fact that I have just as human feelings as any of those who have spoken previously. There is nothing much more difficult than to watch the course of a motion of this kind, or to read letters, such as those which have been read to-night, from an individual who is complaining without having asked the provincial welfare bureau concerned. "What are the facts?"

I have had so much experience of that kind. I have had letters by the hundreds from individuals which I have passed along to the provinces, they having the sole right to deal with the matter. I have asked them if they would be good enough to give me an answer, and I am bound to say in fairness to the provinces that I have yet to find a case where I have not had an answer reasonable at all events, if not fully satisfactory to me.

Mr. E. J. POOLE (Red Deer): Mr. Speaker, first of all may I compliment the hon. member for Winnipeg North (Mr. Heaps) upon presenting the resolution to the house. I should like also to pay tribute to the hon. member for Winnipeg North Centre (Mr. Woodsworth). I do not think any hon. member has worked more diligently for social and economic reform.

With regard to the resolution before the house may I say that I am at a loss to know why the government should defend itself. After all, if it is in such an impregnable position it does not require defence. The Minister of Finance (Mr. Dunning) tells us that we are just as far ahead as any country in the world. I question that statement, and suggest that Sweden, Great Britain and other nations are far ahead of us in matters of this kind.

The question of money once more arises. We are asked who is going to pay. Well, who always pays? But we will notice this, that when matters of national defence are considered in the house mere dollars and cents do not enter into the debate at all. One cannot compare conditions among the people to-day with those which existed ten or twenty years ago. To-day thousands of young men

are seeking employment, and the old men are hanging on to their jobs, because those jobs are their only source of security.

When I read the resolution I was reminded of an old friend of mine, an ex-service man of about forty-five or forty-eight years of age. When he looked for work he was told he was too old. I would ask the government if there is any greater social obligation than that of providing security for the aged of our nation. I suppose if anyone were to suggest ways and means by which additional pensions might be financed the Minister of Finance would suggest that we were suggesting pure inflation. How can we pauperize a nation by distributing more goods? I believe that in a debate of this kind, involving the expenditure of money, the government loses sight of the all-important question as to the purpose of an economic system. I say the purpose of an economic system is to produce abundantly and to distribute that which we produce. If it is not that, then there can be no purpose in it.

All the aged ask is the right to live. To-day thousands of them are dispossessed, not only because they are old—although that is one of the greatest contributing factors in competitive society—but because there is not employment for them. How the government can possibly justify its attitude, wherein it denies the aged the right to security, is more than the average man can understand. All we are asking is that the abundance we can produce may be the measure of security of the aged of our nation—that and nothing more.

For the first time during my experience in the house it appeared to me that the Minister of Finance when speaking lost his equilibrium. He was somewhat annoyed when some members from this corner of the house interfered with his speech. He did not like their butting in. But, many, many times when hon. members in this corner have been speaking, the Minister of Finance and other hon. members opposite have asked questions and made comments. On those occasions there have been very few objections on this side of the house. When the minister loses his equilibrium I take it as final and complete evidence that he is attempting to defend an indefensible position.

Old age pensions are not the responsibility of the provincial governments. It may be that the British North America Act would give that impression, but then we must remember that that act has been the curtain behind which both old-line parties have reneged their obligations to the people of Canada. Will any hon. member sitting to your right, Mr. Speaker, say, and have his observation recorded in *Hansard*, that the age for the old age pension should not be reduced? No, no hon. member to your right will say that. They are saying, "We have not the money"—but they can find money for national defence and for thousands of other things. But when they are asked for money for the aged, for the youth or for the unemployed, they have no money.

We can provide guns for the west and east coasts; we can build airplanes; we can pass millions of dollars through this house like so many cents for arms and munitions; but when it comes to the real issue of the social security of the people of this nation, then it is a different matter. It has always been the same whether it be the aged, the blind or the unemployed. They do not count; we have no money for them. All we can find money for is to build machine guns, munition factories, and provide other means for the destruction of the state. We have not the intelligence to use our resources for the production of those things which will make life happy and secure and provide a life commensurate with the ability of our people to produce.

What does this resolution ask for? It asks this house to distribute more goods, to give to the aged, to those who are less than seventy years of age, future security. People may boast about democracy, but a parliament that cannot provide security for its aged is bankrupt of progress, bankrupt of everything. It has not an idea. Time and time again sympathy has been expressed in this house for our aged, our unemployed, our ex-service men and our blind, but apparently we have not yet learned that we cannot feed people with sympathy. This matter really requires positive action; it requires the enactment of certain laws to guarantee—what? Guarantee the distribution of the goods which we can produce in a scientific age.

When I rose I said that I was not going to speak very long. There is a principle involved here. The Minister of Finance spoke far longer than I shall, and he expressed sympathy in the good old-fashioned Liberal way. But he did not do anything about it. He said he would like to do something, but we have not the money. According to him, the only way we can do anything is to take from those who have little, to give to those who have nothing at least some measure of existence. Are we living in the twentieth century? Can we produce an abundance of things and yet place parliament in a strait-jacket? Can we say, "We should like to give you these things, but we have not the money." What stupidity! I read some of the speeches delivered by Liberal members when they were in opposition, and I was astonished to see the difference between what they say when they are

in opposition and what they say as members of the government. Has not the Liberal party more guts than that? Have they not the courage to fight for the most defenceless people in this nation? If they have not, they should have. I hope they will not be here after 1939, because a government that has lost its courage is no use to a democracy. Democracy demands courage. It demands that we face the facts, not fiction. It demands that we do things, not express sympathy.

Let us get down to facts. The government has said that they are justified in turning down this resolution because the economic system under which we live cannot provide security for these people. The only restriction which the members of the government place upon the providing of this security is the amount of dollars and cents which the chartered banks of Canada can provide. This government does not exist as 245 members; this government is the Minister of Finance. When he cracks the whip everybody jumps. But he is not the whole show. The main show is the Bank of Canada. They are the people who tell the minister what to do, and the government jumps at the crack of the whip. Until this government throws off these shackles of finance; until this government stops saying that nothing can be done every time a suggestion comes from this side of the house, there will be no progress. Until the philosophy of the Minister of Finance is no more; until a new philosophy is predominant there will be no release from the poverty which exists in the country to-day. This resolution gives us an opportunity to bring to the forefront those people of Canada who are so poverty stricken financially, irrespective of the fact that we have so much materially—we are saying we cannot give them more than $20 a month.

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

Tuesday, March 7, 1939

The house met at three o'clock.

PRAIRIE FARM REHABILITATION

AMENDMENT TO EXTEND PERIOD OF OPERATION OF ACT, ETC.

Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure to amend The Prairie Farm Rehabilitation Act to extend the period of its operation and to vest in the minister authority to enter into certain agreements and to carry out and perform certain duties incidental to the operation of the act.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

BUSINESS OF THE HOUSE

PRECEDENCE FOR GOVERNMENT BUSINESS ON AND AFTER MONDAY, MARCH 13

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

That on and after Monday the 13th March next to the end of the session, government notices of motions and government orders shall have precedence on Mondays over all other business except introduction of bills, questions by members and notices of motions for the production of papers.

Hon. R. J. MANION (Leader of the Opposition): Is this the motion to wipe out private members' day?

Mr. MACKENZIE KING: On Monday next.

Mr. MANION: If this carried, Monday next would not be private members' day?

Mr. MACKENZIE KING: No.

Mr. MANION: I wish to say a few words with reference to this motion. Let me make it clear that I have no personal objection to the wiping out of private members' days if there are any important government measures to come forward, though I have no doubt that some private members will have some objections. As I look down the list of government measures dealt with so far and compare those measures with private resolutions already disposed of and other private motions still on the order paper, it strikes me that the business proposed by private members is much more important than anything the government has brought down to date.

I have been intrigued on a number of occasions this session by the Prime Minister (Mr. Mackenzie King) lecturing the house about the importance of getting on with government business. Last Wednesday, for example, he rose and gave us a real tongue-lashing because we dared to take up some of the time of the house in dealing with the munitions contract with the Janin company. I have been wondering exactly what is government business this year. There are the trade agreements, for instance, and we have been accused of holding them up. Are they

government business? I should think they are, and rather important business. Then there is the Bren gun contract and the Janin contract, contracts involving with other expenditures an outlay of some $63,000,000 this year—that is the total amount of the defence department estimates. Yet, both we and hon. members to my left were violently attacked last week by the Prime Minister because we dared to discuss the letting of contracts, not by public tender, not even from a selected list, but, so far as I know, to pets of the Department of National Defence, or at any rate, to pets of this government. When I listened to the Prime Minister last week getting so enthusiastic on his subject, attacking us because the hon. member for Vancouver North (Mr. MacNeil) brought up the question of the shell contract, let to one who is the builder of the post office here, a gentleman who is a contractor for the construction of public buildings—

Mr. MACKENZIE KING: Is this in order, Mr. Speaker?

Mr. MANION: I am discussing the reasons relating to whether we should go into government business or continue in private business on a certain day, and I think I am quite in order.

When I heard the right hon. gentleman even bring up the phantom of war, as he did the other day, to frighten the people, I suppose without any more basis for it than there is a basis for very much that the right hon. gentleman says; when he did that, and dodged the question that was put to him whether he favoured or agreed with the letting of contracts by the Department of National Defence without competition to pets and favourites of this government or of the defence department, I could not help thinking he was taking a rather serious attitude. I doubt whether the right hon. gentleman the other day, when he stood up in this house and implied or made a statement to the effect that we are possibly on the verge of war, had anything at all in the back of his head except the idea of evading the question put to him as to whether he favoured the giving of contracts on that basis.

Mr. SPEAKER: Order. I think the hon. leader of the opposition is getting rather far away from the subject of the resolution. The motion is to take away Monday as private members' day, from Monday next.

Mr. MANION: Well, sir, of course I accept your ruling. At the same time I say that to me the letting of contracts to spend $63,000,000 on defence is certainly of very much more importance from the point of view of public business than a number of things that have been dealt with as public business.

I am arguing that the questions which the Prime Minister submits that we should not discuss in this house at all, which he is now ruling out by proposing to take away private members' day, are more important than the matters he calls public business. I am going to deal with some of these for just a moment, to show the difference. Here is a list of matters called public business dealt with so far this session; let us see how important they are. There was of course the speech from the throne. Then, supply. Supply comes in as a sort of filler-in; it is one of the measures brought in when we have not anything else to proceed with. When the government runs out of its regular business it brings on supply. While the estimates are in a sense public business, they are not important enough or urgent enough to have everything else sidetracked in order that they may be dealt with.

Then there was a bill amending the Food and Drugs Act, brought in by the Minister of Pensions and National Health, dealing with cosmetics and making a few other little changes in the regulations of that department —just the ordinary type of bill that every department tries to bring in from time to time. I have had enough experience in government to know that every department likes to bring in, every year or two, a few amendments to the act governing that department. That is the type of government business that was.

The next item I have noted here is the legislation authorizing the raising of $750,000,000 to meet loans and obligations, brought in by the Minister of Finance. Certainly it is important, but it is in fact just one of the things, perhaps the most important, that merely give the house an opportunity to discuss the inflationary ideas of the social crediters. Then there was the bill of the Minister of Justice relating to penitentiaries, perhaps one of the most important, though to my mind not so very important. This suggests a reflection. The penitentiaries bill was to set up a commission to govern the penitentiaries of Canada. I am just as humanitarian as my right hon. friend the Minister of Justice (Mr. Lapointe) or any other hon. member. I believe in humanitarian treatment of prisoners. But I submit—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. I think the hon. member is straying too far from the subject of the resolution. The resolution moved by the Prime Minister is to take away Monday as private members' day.

Mr. STEVENS: On a point of order, sir; perhaps the leader of the opposition would be diffident about advancing this point himself, but one of the most widely accepted practices in the House of Commons is that the Prime Minister and the Leader of the Opposition be given reasonable latitude when they are dealing with questions on the orders of the day or concerning the procedure of the house. Never in my experience in the house have I ever heard any leader of the opposition called to order on such extremely narrow grounds as this. Strictly speaking there may be some slight departure from the details of the motion, but the motion concerns the business of the house and the conduct of it, and I submit on that ground that the leader of the opposition ought to be allowed to proceed, upon the precedent and practice of this house.

In the second place I invite your honour to give special attention to this point: How can we intelligently discuss the motion before us unless we are allowed to review the measures which are government measures and those which are private, and to weigh the question whether or not private members have had reasonable opportunity to present their views?

Mr. LAPOINTE (Quebec East): But not to debate the merits of those questions.

Mr. STEVENS: Not at all; but my leader was just reviewing the character of those measures. I do not like to use the word that has been used in the past in this house, more by my hon. friends opposite than by others, the word "gag"; it is an objectionable word, but it is very expressive. If we are to be confronted by an overwhelming majority applying restrictions of this kind, then the democratic liberties of parliament will indeed have been restricted. I submit that on grounds of practice and on a reasonable interpretation of the rules—your honour I am sure will agree that no rule can at all times be applied on its narrowest interpretation—there must be some reasonable latitude. I bespeak myself on behalf of the members of parliament that the leader of the opposition should on this occasion be accorded the ordinary latitude that has been given to the leader of the government and the leader of the opposition in this house from time immemorial.

Mr. MANION: May I say a word on the point of order, supplementing the remarks of the hon. member for Kootenay East (Mr. Stevens)? I am dealing with the relative importance of government business as opposed to private business, trying to show that the motions proposed by private members have to do with more important subjects than the measures brought in by this government. That is all I am trying to show. I have attempted to stay within my rights, and I hope, sir, that you will so rule.

Mr. SPEAKER: Do any other hon. members wish to speak to the point of order?

Mr. LAWSON: I should like to present one point, from a purely legal aspect, concerning the rules of the house. Standing order 15 prescribes that Monday shall be private members' day. It is now proposed to take that day away from private members. The motion is debatable. The only reasonable ground that the government can advance for taking this day away from private members is the importance of government business as compared with private members' business. Therefore, the leader of the opposition is speaking strictly to the issue, namely, the comparative importance of government business as against private members' business, and I submit he is in order.

Mr. CHURCH: The motion before the house is that on and after Monday next government business shall have precedence over private members' resolutions. It is an extraordinary coincidence that the motion is made at the present time, because the opposition have had no resolutions so far. The time has been taken up largely with government business and motions by hon. members from other sections of the house. The motion at the head of page 12 of the order paper concerns any municipality in Canada, from Vancouver to Halifax. It is a motion relating to relief, municipal relief works and relief unemployment. There has been no declaration of policy on the part of the Minister of Labour (Mr. Rogers) as to what the government are going to do. The municipalities are now preparing their tax rates, but those rates cannot be struck until they know the policy of the government, which might be given in the discussion of this motion, which ordinarily would come up next Monday.

I want to direct attention to the rules of the house in this connection. If this motion is not discussed on a private members' day it remains on the order paper, and, by the rule of anticipation, it cannot be mentioned in this house on the estimates or at any other time. It is the most important resolution we have. What is to be done with these people who are on relief throughout Canada? In Ontario we get no help at all because the provincial government will not cooperate in the federal government's program of public works to relieve unemployment. It is true that the minister announced forty-forty-twenty as the

division of cost between the dominion, the provinces and the municipalities, but in Ontario they chiselled that down for January, February and March so that it was away below what the government announced.

I have been in this house since 1921, and ever since that time motions of this kind have received a very wide interpretation. After all is said and done it must be remembered that the private member is the only connecting link between the government of the day and the electorate; and when he ceases to function this ceases to be a free parliament. Before this motion passes I would ask the Minister of Labour to rise and tell us what he is going to do in reference to relief. That seems to cause a little laughter as between the minister and his learned colleague sitting beside him, who said the other day that if we took certain action it might bring about force. Well, I can tell him that we will not need force; the unemployed and the people on relief soon will be able to say it with ballots.

Mr. HARRIS: Mr. Speaker, I have been sitting in this house since 1921, and I do not recall any occasion during that time when a motion of this kind was held to be not debatable. The rules of the house provide that it is debatable. Further, the motion contains the words, "government notices of motion and government orders." All the observations made by the leader of the opposition (Mr. Manion) up to the present have been strictly within the confines of government notices of motion and government orders, as these are recited in the routine proceedings and orders of the day on our desks.

Mr. SPEAKER: Does any other hon. member wish to speak to the point of order? I had no intention of saying the speech being made by the leader of the opposition (Mr. Manion) was not in order. He is quite within his rights in debating this motion, and I never had any intention of saying that the motion was not debatable. What I had in mind was that the hon. gentleman should not discuss the merits of the measures to which he was referring. Unquestionably he may discuss everything that comes within this motion, but he should not go into a discussion of the merits or demerits of government measures which are not now directly before the house.

Mr. MANION: I shall endeavour to keep within the rules of the house, as I usually do. I was not discussing the merits or demerits of the Penitentiaries Act, but I was going to say that among the resolutions of private members there are many, which I shall mention in a moment, dealing with more important matters. The Penitentiaries Act after all deals with the people in our penitentiaries, numbering some 3,500 or 4,000. A private member's resolution concerning unemployment, on the other hand, deals with the four or five hundred thousand people in Canada who are out of employment and who have stayed out of the penitentiaries. Therefore to my mind it is very much more important that we should deal with these people who are out of employment rather than with the people who are in the penitentiaries.

I should like to mention the other government measures which have been presented to the house, to show how important they are. I have mentioned the amendments to the Penitentiaries Act. The next had to do with the appointment of auditors for the Canadian National Railways, a merely formal measure of no very great importance. The next dealt with the city of Ottawa agreement, under which $100,000 is granted the city of Ottawa, which is another annual statute. Then there were the amendments to the loan and trust companies acts, permitting these companies to allow their employees to enter into pension schemes. Then there was the Technical Education Act, a little more important, but not much. Then came the act to assess the owners of obstructions to the ascent or descent of fish such annual sums of money as the minister might determine. Fisheries are important; I do not wish to belittle them, but at the same time that was not a very important measure.

I have named, Mr. Speaker, about a dozen government measures, only one or two of which are of any importance at all. But what about the ones the government are holding up? What about the amendments to the Pension Act? What about the defence purchasing board? That is another measure that has been passed over day after day. Why is it being held up?

Let me show, on the other hand, what the private members have dealt with so far this session. We had the senior member for Halifax (Mr. Finn) bringing up the loss of lobster traps and equipment on the western coast of Nova Scotia, certainly a very important matter from the point of view of the fishermen of that province. The hon. member for Weyburn (Mr. Douglas) brought up the question of the distribution of seed wheat, an important matter for the prairies. Then there were the Bren gun contract and the Montreal construction company contract, both having to do with munitions and, as I have said, dealing with the $63,000,000 that is to be expended on defence this year. Yet those were the ones

in connection with which we were particularly accused of holding up the business of the house. Then there was the question of unemployment insurance, which was brought up by my hon. friend from Comox-Alberni (Mr. Neill), also a very important question. There was the matter of a fixed price on wheat, and the matter of the government wheat policy. I have forgotten who brought that up, but if I am not mistaken it was during that discussion that the Minister of Agriculture (Mr. Gardiner) made his statement.

Mr. GARDINER: No; that was on the estimates.

Mr. MANION: Then there was a discussion on the condition of the live stock industry, and finally the debate on the Canadian flag. All these matters were of some importance. I do not mean any disrespect to my hon. friend who brought up the question of the Canadian flag, but I think that was one of the least important subjects that could have been brought up at this time, with all our other problems. However, it is a matter of some importance.

Now I am going to give a list of a dozen private members' resolutions which remain on the order paper, almost any one of which to my mind is more important than any of the government business with which we have dealt thus far. I made up this list yesterday morning, and the first item is old age pensions, a matter which was discussed yesterday. Then comes unemployment and unemployment relief, which has to do with the four or five hundred thousand people in this country who are out of work. Surely that is a very important thing. Then there is a resolution having to do with a program of flood prevention and water conservation, brought in by one of my followers, the hon. member for Davenport, Toronto (Mr. MacNicol). There is a resolution dealing with the declaration of war by Canada; another concerning the stimulation of the sugar industry; another having to do with the encouragement of the use of Canadian coal; another regarding stabilized wheat prices; another advocating national control of the armament industry; another concerning the relief of youth unemployment; another having to do with the preservation of the halibut fisheries, and finally a resolution concerning national scholarships. I would say all these are very important; more so, I repeat, than practically any of the matters which have been brought up by the government thus far.

This talk, sir, by the leader of the government on three or four occasions to the effect that we were holding up the real business of the government, when they actually bring in such unimportant measures as I have listed to-day, is one of the reasons why democracy is being discredited in this country. I do not think the right hon. gentleman had any right to complain of what he called holding up the business of the house. We have never done that. At all times he had 180 members behind him; at any time he could have moved an amendment and gone into government business, even on the address in reply to the speech from the throne, as he has done during the debate on the trade treaty. He could have done that at any time, unless he wished to abdicate his position as leader of this house. That is what the prime minister is, the leader of the house; and it is this bringing up of what to my mind are futile arguments of that sort against private members who are dealing with important subjects, while the government deals with unimportant subjects, that leads to the stirring up of feeling against democracy, to the leadership league of Mr. McCullagh and the new demagogism of Mr. Herridge. Those are the outgrowths of attempting to stifle public debate on important questions.

I say, sir, in closing, that so far as I am concerned I consider much of what the Prime Minister said on all these four times when he has got up and lectured the house about letting the government get on with public business is just so much claptrap and humbug. That is my opinion of most of what he has said about it. I challenge the government now to get down to business: to introduce, for example, legislation to deal with the great unemployment problem, or with the youth problem, or with national understanding, if you like, and with taxes and debt—to name only a few of the great problems. If he proceeds to deal with these important subjects, I think the right hon. gentleman would be well within his rights in asking the house to go on with government business, and for other hon. members to stop talking private resolutions. Until he does that, I think private members certainly have the edge on the argument, because the subjects with which their resolutions deal are very much more important than anything the Prime Minister has brought up thus far this session.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, if I were accustomed to addressing the house in the manner of my hon. friend I think I would say, with respect to the lecture which he has just sought to administer to me, that there was a good deal of claptrap and humbug about it.

Mr. MANION: You ought to know; you are a good judge.

Mr. MACKENZIE KING: I have watched my hon. friend's tactics since he has taken the chair of leader of the opposition, and it has been apparent that nothing is too small to occasion a speech of some length from him, particularly if it will serve to delay proceedings a little longer.

Mr. MANION: I rise to a point of order. I would like it understood that after the right hon. gentleman speaks I have the right to speak again. This is his second speech. I have the right to say a few words after he has finished.

Mr. MACKENZIE KING: As a matter of fact I did not speak on the motion.

Mr. MANION: You moved it; that is the same thing.

Mr. MACKENZIE KING: I moved it, and I thought it was going to carry unanimously. It would have, but for the fact that my hon. friend got up and delivered his speech. That gave the cue to some of his following to join with him and help him to protract a little the proceedings of the afternoon.

Mr. MANION: We are not trying to protract at all.

Mr. LAWSON: I rise to a point of order. I do not think it lies in the mouth of a prime minister—

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

Mr. LAWSON: I will proceed, and you can hear it. It does not lie in the mouth of a prime minister to accuse a member of the house of protracting proceedings, when I merely spoke of the legal aspect of the question of order which was before the house.

Mr. DUNNING: What is the point of order?

Mr. MACKENZIE KING: I do not quite see my hon. friend's point of order. However he has probably served his purpose.

Mr. LAWSON: Mr. Speaker saw it, anyway. He ruled with me.

Mr. MACKENZIE KING: Before I do say a word in reply to what the leader of the opposition (Mr. Manion) has said, may I assure hon. members that the procedure which the government is following this session is not different from that which has been followed in other sessions, nor is it any less generous but rather more generous towards private members' resolutions. May I give to hon. members the number of Mondays which have elapsed between the opening and the dates on which Mondays have been taken as government days. In the session of 1932-33 five Mondays had elapsed; in the session of 1934, five; in 1935, four; in 1936, five; in 1937, three; in 1938, six, and this year eight Mondays have elapsed.

I would point out the relative importance of government business and the business of private members, because I hold, notwithstanding what the leader of the opposition has said, that after all, government business is more important than private members' resolutions, however important they may be. The government is the body responsible for carrying on the business of the country, and it is the best judge of what that business is. But in order that hon. members may not imagine that most of the Mondays since the opening were taken up with the debate on the address and other debates which have been mentioned, may I place on record the number of Mondays actually given up to private members' business. In the session of 1932-33 there were four Mondays; in 1934, four; in 1935, three; in 1936, four; in 1937, two; in 1938, four, and in 1939, five. This session, therefore, more Mondays have been given to private members than have been given in any of the sessions since 1932. I mention these figures because they show that in every way the government has been considerate of the rights of private members.

My hon. friend has talked about the different measures we might have gone on with. May I point out that in the debate on the address I mentioned the first measure which would be taken up as a government measure would be the trade treaty with the United States. We regard that as a very important piece of legislation. I may say I do not think a more important piece of legislation has been introduced to this parliament at any time, unless it was the treaty of three years ago, of which in part this is a continuation and in part an addition. At any rate I made that announcement at that time so that hon. members would not feel it necessary when speaking in the debate on the address in reply to take up their time in discussing matters which would relate to the trade treaty. I wanted to give them the assurance at once that they would have that opportunity when the debate on the address was over.

I thought by giving that assurance we might shorten the debate on the address. I have given one reason why the government decided to proceed next with the trade treaty.

But there was another reason, and a special one, why the government made the trade treaty the first important measure of the session. It was this: As hon. members well know, when the debate on the resolution respecting the trade treaty is completed we will then have to go into committee of ways and means to discuss the various items in the schedule. I imagine the discussion of those items will take a considerable time. Following the discussion of the items in committee of ways and means we will have to introduce a bill, the three stages of which will have to be passed by the house, including again discussions in the committee of ways and means. All that will take a considerable length of time.

I think it will be to the interest of hon. members in the house and to the country that the budget should be brought down as early this year as possible. Hon. members will know the Minister of Finance (Mr. Dunning) can hardly undertake to get his budget in shape for presentation until this all-important measure, the trade agreement with the United States is out of the way.

I say that is the reason why at the outset we gave the right of way to the trade treaty. We knew it would take considerable time to get the measure through, so that the path might be cleared for the Minister of Finance to bring in his budget at this session at as early a date as possible.

My hon. friend has spoken about some of the lesser measures which have been on the order paper. Among the number he referred to the penitentiaries bill, which is now before us. What was said about the penitentiaries bill at the end of the last session by many who were critical of the government at that time, and by no one more strongly than by the leader of the opposition in another house, when the measure was in that place? It was stated that the penitentiaries measure was one of the most important that any government could bring forward, but that we had left it to the very end of the session, and that therefore there was not the opportunity to discuss it in the detail which its importance merited. Well, the best answer to a criticism of that kind is to make a measure of that sort one of the very first pieces of business after the opening of the session. We do attach very considerable importance to the penitentiaries measure, notwithstanding the fact that the leader of the opposition has different views concerning it. The reason for bringing it up at this time is to permit it to be sent to the other house at as early a moment as possible, so that there may be no excuse, so far as the discussions in that place are concerned, of its not having been presented in ample time. There have been some small measures, but they have taken very little of the time of the house. Time has been taken up with the debate on the address, with the debate with respect to defence contracts, with the Bren gun resolution and with the resolution moved the other day to refer another munitions contract to the public accounts committee. The remainder of the time has been taken up largely with the discussion of the trade treaty. As I have said, it was felt the smaller measures would not take up much time. It was thought advisable to have some of these measures sent to the other house so that they would be available for the consideration of members there when they assembled again, which I believe they are to do to-day. If these smaller measures, if you wish to so describe them, had not been brought forward, there would not have been as much in the way of legislation for immediate consideration in the other house as will now be the case.

The real occasion of delay this session has been the discussion with regard to the two contracts of the defence department. My criticism with respect to that discussion has been, not that there should not be full and ample discussion with respect to these particular measures or with respect to all measures affecting the department of defence, but that there is a time and place for all things. The time and place to discuss these contracts was in the committee of public accounts after they had been referred to the committee and again in this house after the committee had reported. If there had been any objection to referring them, then there would have been ample ground for opposition and discussion, but when the government was ready to refer them, the discussion that took place was I think completely unwarranted in the circumstances.

The leader of the opposition says that we have held back certain legislation. He referred to one measure which was important and which he says should have come on before this, the resolution with respect to the setting up of a defence purchasing board. That resolution was placed on the order paper on February 7, just a month ago. The intention of the government was to bring in the measure with respect to the defence purchasing board the minute we were through with the trade agreement, which we regarded as being the most important measure of all. That has been our intention all along. There would have been ample opportunity during the debate on that measure to discuss all questions relating to contracts of the defence depart-

ment and hon. members knew that when they were debating the motions to refer specific contracts to the public accounts committee. The house chose to discuss those particular references when we might have been going on with government business had we not been thus precluded. We regarded the resolution to set up a defence purchasing board as one of great importance and the only reason why we have not been able to reach this measure before this is the amount of time that has been taken up in discussing other measures, including the two motions respecting a reference of defence contracts to the committee of public accounts.

Let me say this in passing with regard to some of the discussion that has taken place. I do not share the view which seems to be held in some quarters that parliament should cease to be a deliberative assembly, that it is not necessary to have the government informed by hon. members from different parts of Canada of the conditions existing in their constituencies and in their parts of the country or to have public opinion moulded in a deliberative and careful way. I regard parliament as being essentially a forum in which progress can best be made by reasoned discussion, not by snap-hasty judgment and quick decision without any opportunity of weighing the merits of measures pro and con. I regard it as being the one great bulwark that is left to a free democracy to-day, and left only to those countries where parliamentary institutions still exist. These free institutions have been wiped out largely in most parts of the world, but the essence of our parliamentary system of government is the opportunity it affords to discuss very fully the pros and cons of what has taken place or is taking place in each part of the country. Hon. members should be allowed to talk frankly and freely with respect to conditions as they know them in different parts of the country.

My hon. friend has mentioned the discussion of unemployment and other problems. I wonder how a greater facility could have been afforded by the government to every hon. member to discuss unemployment than was afforded during the debate on the address? Hon. members took ample advantage of that opportunity and they gave to the administration their views with regard to the situation as it existed in their parts of the country. There are going to be further opportunities. My hon. friend the leader of the opposition made another extraordinary remark. He said that he did not think that supply was of much concern, that it was something that came up on Friday nights to fill in. I have always thought that the voting of supply was one of the most important of all the functions of parliament. Without supply being voted government itself cannot be carried on. Moreover when supply is being discussed is the time above all times when hon. members have an opportunity to discuss anything they wish, to take up any concrete problem, to discuss any matter of public importance and to take part in debate to an extent which is not afforded to them in like measure at other times. As my colleague the Minister of Finance (Mr. Dunning) has just mentioned to me, there is not a single resolution on the order paper the main features of which could not be discussed very fully, either when the government was going into supply or when the house was in committee of supply.

The leader of the opposition probably is somewhat new to his office, but if he had the duty of leading the house—I do not think it is at all probable he is likely to have—he would then find that these matters had to be thought out, not as he is accustomed to doing by quick reasoning and snap judgment but rather by looking ahead in connection with the business of the country generally. I see my hon. friend is looking at me rather sharply. I do not know whether I have said something which has offended him. However, he has said something this afternoon to which I wish to refer more particularly.

The leader of the opposition said that I had sought to alarm parliament by talking about war. I do not think any hon. member will find the word "war" mentioned in anything I have said. I did say that I thought there were more important matters which we might be called upon to consider at almost any time and that we would do well to get on with the work of the house. I suppose there is no more difficult position in which a leader of a government can be placed than to know just how far it is advisable to go in warning members of parliament or the country of a situation as it exists, or how far it is wise to remain silent.

I remember last September that members of the Conservative party in this country were pretty strong in their attacks upon myself. They said that knowing that a situation which was coming along was going to be very critical, I should have taken the country more into my confidence and told the people to be prepared for an emergency. As I say, it is a very difficult position in which a leader of an administration is sometimes placed, because one has great responsibility. However, there are ways of seeking to meet it. While one cannot always take the entire house into his confidence, parliament has provided a means of courtesy whereby the leader of the

government, should he regard a situation as being serious, may call in the leader of the opposition. I did that with my hon. friend the leader of the opposition since this house opened this year. Some dispatches which I was receiving were of so serious a nature that my colleagues and I felt that they ought to be shown to the leader of the opposition. I asked him if he would come to my room and allow me to show him what the government and I had received with respect to conditions as they were developing in Europe, and what we must be prepared for in the event of matters taking a certain turn. How my hon. friend, in the light of the information he then had, could chide me this afternoon for having made the remark that I did the other day to hon. members with respect to hurrying on with business because we might have some more important matters to consider, I have yet to understand. I say to my hon. friend the leader of the opposition that I question very much if he would have wished to receive dispatches which were more serious than those which I showed to him. Since I showed him the dispatches I did, I have received others, perhaps a little less serious, but nevertheless of a character to cause the government to view with great concern matters which were happening in other parts of the world. I am happy to say that, more particularly in the last day or two, the skies seem to have cleared very considerably. During the earlier period it was still doubtful how the civil war in Spain would end: in all the capitals of Europe there was, I believe, very great fear as to how the situation might develop over the whole of Europe. But certainly, since that situation has cleared up to the extent it has, there has been very great relief in, I believe, all the foreign offices of Europe. I cannot say more than that. I am not going to seek to influence in any way the judgment of this house. What I said the other day I still adhere to as something which I think it was proper I should have given to hon. members, all the circumstances considered.

I might go on and speak of the importance of some other measures, and let me just add this. I have never known an administration to place all of its important legislation on the order paper at once. I have noticed, following business in this parliament during the years I have been in it, that the invariable practice has been not to begin except for special reasons with the most important measures but with some of the minor measures until parliament, so to speak, got under way with its work. Apart from that, the fact that the government has not been holding back important measures is evidenced by the order paper itself, which contains more than one bill that my hon. friend the leader of the opposition says is important. I might add to those mentioned the bill to amend the Pensions Act. That bill has been on the order paper since January 18. The measure I have mentioned, to create a defence purchasing board, has been on the order paper since February 7. Another important bill, a measure of the Minister of Trade and Commerce, has stood there since February 10, and the resolution with respect to the loan under the consolidated revenue act has been on the paper since February 3. It is simply childish to speak about the government's business not being important because the order paper is not laden up with measures which there is no possibility of reaching at the present time, and which would be kept there and called day after day, taking up space on the order paper and the time of parliament in the calling of measures which it is known cannot be reached for some little time to come. I hold that the government has evidenced full circumspection as respects both the business of the house and the consideration shown private members. I am not surprised, however, that my friend the leader of the opposition, feels it necessary to seek to make out some sort of case for himself and his following with respect to the amount of time they have been responsible for wasting this session.

Hon. R. J. MANION (Leader of the Opposition): I shall not take up very much more of the time of the house. I notice that, although the right hon. gentleman has a habit of lecturing us on how much of the time of the house we occupy, he talked on this occasion a good deal longer than I did, and dragged in a lot of extraneous subjects which have no bearing on this matter, besides reading me a lecture as to how I should lead the opposition. The right hon. gentleman led oppositions for quite a long time and perhaps he knows something about them. At the same time I am afraid I shall have to follow my own course as to how I shall lead the opposition.

Mr. MACKENZIE KING: I think we shall have to form a leadership league.

Mr. MANION: I agreed, and so stated as soon as I got up, with going on with government business, and I suggested that the government bring forward business of some importance.

Mr. MACKENZIE KING: What could be more important than the trade treaty?

Mr. MANION: We have been dealing with the trade treaty, but the right hon. gentleman has been shelving it for other measures. We have been led to understand since the house opened that they were about to bring in a measure for a defence purchasing board. Why have they not brought it on?

Mr. MACKENZIE KING: I dealt with that.

Mr. MANION: The right hon. gentleman objects to our discussing the Bren gun contract and this other munition contract which stink to high heaven of favouritism and patronage. As he objected to that, so he would have objected if we had brought forward the matter while discussing the defence purchasing board; he would have said that as these matters were to be referred to a committee we would have no right to discuss them. His tactics are to draw a red herring across the trail. That is what he did the other day with regard to this supposedly terribly critical world situation—a situation no more critical than it has been for months and months, but he knew that by so doing he would distract attention from the fact that he had not given any answer to the question whether he supported the idea of giving to pets and favourites of the government these high-priced munitions contracts.

In regard to the business, I read a list of government business which has been dealt with, and a list of private members' resolutions, and I repeat that the private members' resolutions have to do with much more important business than anything with which the government has dealt this session.

I merely wish before I sit down to touch one other point. The right hon. gentleman has told the house and the country that he did me the honour of calling me in to see some dispatches from overseas. He did call me in about six weeks ago, on January 20, some four months after the September crisis. I noticed that at the time of the September crisis in England, the Chamberlain government called in the leader of the opposition and the leaders of all the parties. He even invited Mr. Churchill, who is not the leader of any party: Mr. Chamberlain called them all in. But the right hon. gentleman waits four months before calling me in or calling on any of the rest of us, although the country was facing a crisis which might at any time have led to war.

Mr. MACKENZIE KING: May I say to the hon. gentleman that at the time of the September crisis he was not the leader of the opposition, and he had not a seat in this house?

Mr. MANION: I was leader of the Conservative party at that time. My hon. friend the leader of the Cooperative Commonwealth Federation (Mr. Woodsworth) was at that time the leader of his party and was a member of this house. The leader of the Social Credit group (Mr. Blackmore) was in exactly the same position. In England it was not necessary that a man should be the leader of a party; he was called in if he was a person of prominence in the country. At that time I was leader of the Conservative party. I will now say what I intended to say on some other occasion when the question of the September crisis comes up to be discussed —and I think it should be discussed in the near future; I hope the right hon. gentleman will bring it forward as early as he likes. What I intended to say was that the right hon. gentleman neglected his duty to this country in not calling in the leaders of all parties. He should have invited the leader of the Cooperative Commonwealth Federation, the leader of the Social Credit party and myself; we should all have been called in, to share the responsibility if for nothing else. In that regard I was fairer to him than he was to me. I played the game fairly and well as a Canadian and offered no criticism at that time. But he waits until January 20— I give the date from memory, but I think I am right. He called me in one day and showed me some of the dispatches. He has not called me in since. I know his tactics: he wanted to be able to stand up in this house and say that on one occasion he called me in. That is his slippery way. I know his tactics, his slippery tactics; I know them just as well as he knows my tactics.

Some hon. MEMBERS: Oh, oh.

Mr. SPEAKER: The word "slippery", used by the hon. gentleman, is unparliamentary and should be withdrawn.

Mr. MANION: I withdraw the word "slippery," but I cannot think of any other word that takes its place.

Mr. SPEAKER: I must ask the hon. member to withdraw the word unqualifiedly.

Mr. MANION: Mr. Speaker, I withdraw the word.

As regards his leadership of the house, the right hon. gentleman has made quite a little speech to us this afternoon on the painful duties which fall to him in leading the house. But he does not lead the house. The right

hon. gentleman has not been in this house ten per cent of the time this session. That is how much he has led the house.

Mr. MACKENZIE KING: I made the statement quite clearly, I think, in a previous debate that, having the duties which I have as Prime Minister, I have many things to attend to as well as to follow the debates in the house. I can follow debates in *Hansard*. I cannot in this chamber attend to many all important matters and follow the debates at the same time; I made it clear that I would be in my seat whenever the question hour was called and when there were matters under discussion for which it was expected I would be here. Hon. members will realize that I must have some time while parliament is in session, apart altogether from the House of Commons, to attend to the duties which belong to the office of prime minister. I made that perfectly clear, and my hon. friend knows that I cannot be expected to be in my seat here all the time. I have able colleagues who are responsible for their different departments and matters relative thereto. I may say that, in being here part of the time, and being part of the time out of the house in attending to the business of the country as prime minister, I am only following the example of those who lead the government in Great Britain as they have led it for many years past.

Mr. MANION: I point out again that the right hon. gentleman has not been in this house more than, on an average, about fifteen minutes a day. He stays until question time and then goes out.

Mr. MACKENZIE KING: I did not leave this house one hour while the debate was on with respect to the defence matter. I was here throughout all the time of discussions. Nor did I leave the house during the great part of the time of the debate on the trade treaty and the debate on the address. Whenever I knew that an hon. gentleman opposite who had been a member of a former administration was to speak, I have tried to be here in order to pay him that respect, and whenever I thought the leader of the opposition would be here and would have something to say which he might wish to direct to the attention of the government, I have sought to be present to hear his remarks. I intend to follow precisely that practice from now on.

Right Hon. ERNEST LAPOINTE (Minister of Justice): May I be allowed to say just a word to bring back the question to our domestic affairs instead of international matters. While this discussion was going on I sent for the *Hansard* of the session of 1932-33, after the empire conference at Ottawa, when there had been a very important agreement which might be compared to the one that is before the house at the present time. On that occasion the session was called earlier for the purpose of having parliament ratify that agreement. As a matter of fact we were called to meet on October 6, 1932, and on October 12 the then prime minister moved the ratification of that agreement. The house sat continuously discussing the agreement and the division on the third reading took place on November 22. The house discussed the agreement continuously, and, as I have said, the session had been called earlier for that purpose. No other business was taken up or discussed, and I may say that the then opposition rather cooperated with the government for the purpose of bringing the debate to a close.

An hon. MEMBER: What?

Mr. LAPOINTE (Quebec East): Well, the dates are there. After one month of discussion the third reading of the various agreements took place. Now, however, we find that the house has been in session almost two months, since the beginning of January. The trade treaty is not even in committee; it is being discussed on the resolution. We have not been able to make any progress with it.

I agree with the leader of the opposition (Mr. Manion) when he protests against the comments of those outside the house who claim that parliament is doing nothing when discussing the trade agreement. Those leadership leaguers should understand that on very important business such as this, parliament not only has the right but it has the duty to discuss everything that is relevant—and that is doing the business of the country. When members of the house are discussing the treaty they are doing the business of the country, and it is therefore useless to publish a blank space and indicate underneath that parliament has done nothing. Surely, however, an end must be reached in the discussion of the trade treaty as well as in any other discussion, and I say with all due deference to my hon. friend that while he protests against the statements of Mr. McCullagh and the other gentleman who criticized parliament about the business that is being carried on, he gives them material by helping to some extent to prevent the business of the house being done.

The hon. member for Kootenay East (Mr. Stevens) the other day, when Wednesdays were taken by the government, said—and he was right—that the government is always in control of the house; the government can always control the business of the house. That

is what the Prime Minister wants to do to-day, and surely the leadership leaguers ought to be pleased to think that he wishes to take all the time of parliament to carry on the business of the country.

So far as supply is concerned, I hardly think that my hon. friend is serious when he says that it is merely a matter of routine which is taken up on Friday when the house has nothing else to do. Supply, the voting of money for public business, is the main work of parliament, and as the Prime Minister has said, with respect to every one of the resolutions on the order paper, the subject involved may be discussed in supply. The leader of the opposition says that there is unemployment in Canada and that we have not been able to discuss it. Well, there are items in the estimates relating to unemployment which are there for the very purpose of curing unemployment. If the estimates are prevented from being reached and supply cannot be voted and unemployment cannot be discussed, surely under such circumstances it is not the fault of the government.

Mr. MANION: We have practically never refused to allow the government to get into supply—practically never.

Mr. LAPOINTE (Quebec East): We could not go on. We wanted to have the trade treaty disposed of, and surely it was only the natural and normal thing. It had been announced that the main business of the session, the business which it would be the first duty of parliament to deal with, would be that trade treaty. Under the circumstances I do not believe that there can be any objection to the motion being carried. No one would suffer in consequence of the government taking every day to dispose of the business of the country, and private members will certainly have every necessary opportunity to ventilate any grievances they may have.

Mr. WALSH: I do not want to delay the proceedings unnecessarily—

Some hon. MEMBERS: Sit down.

Mr. WALSH: If that is the tenor of the house I am willing to sit down.

Motion (Mr. Mackenzie King) agreed to.

SUDETEN IMMIGRANTS

SETTLEMENT IN CANADA OF FAMILIES FROM CZECHOSLOVAKIA

On the orders of the day:

Mr. R. A. PELLETIER (Peace River): I wish to direct a series of questions to the Minister of Mines and Resources (Mr. Crerar), on the basis of an announcement by officials of that department to the effect that some 2,500 refugees from Czechoslovakia are to be established in the Peace River and in northern Saskatchewan.

Mr. SPEAKER: That is a question that ought to be put on the order paper.

Mr. PELLETIER: I believe the minister promised to answer the questions.

Mr. SPEAKER: The hon. member may proceed if there is an agreement with the minister.

Mr. PELLETIER: The questions are: (a) Has the minister been in contact with the various provincial governments concerned? (b) Are such statements allegedly made by high departmental officials to be considered government policy? (c) Under what authority will the government establish these settlers on provincial lands?

Hon. T. A. CRERAR (Minister of Mines and Resources): The hon. member advised me a short time before the sitting that he intended to ask this question. As far as I am aware, no official of the immigration branch has made any statement such as that upon which he bases his question. I shall have to check up on this and will endeavour to give an answer to-morrow, but of course if I am correct in my statement, and I think I am, then the rest of his question falls to the ground.

Mr. C. G. MacNEIL (Vancouver North): Is the minister in a position to answer the question which I directed to the government yesterday, namely, whether or not the department intends to place the responsibility for the settlement of families from the Sudeten area of Czechoslovakia upon the colonization departments of the railway companies?

Mr. CRERAR: Unfortunately I was indisposed yesterday and not present in the house, but my attention was drawn shortly before the opening of the sitting to the question that the hon. member for Vancouver North asked yesterday. I shall look into it and hope to make a statement to the house in reply to-morrow.

VALIDITY OF ALBERTA STATUTE

INQUIRY AS TO DISALLOWANCE OF PROVINCIAL MEASURE RESPECTING MORTGAGES

On the orders of the day:

Hon. J. E. LAWSON (York South): On February 16 the Minister of Justice (Mr. Lapointe), in reply to a question put by me,

intimated that we might anticipate an announcement from his department as to allowance or disallowance of certain Alberta legislation. Will the minister kindly indicate now when we may expect the announcement?

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker—

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

Mr. LAPOINTE (Quebec East): I did not know I was out of order.

Mr. KUHL: The point of order is that if we are governing ourselves according to the British North America Act, in my opinion this house is not competent and has not authority to discuss the disallowance of provincial legislation. To substantiate my point I should like to quote a few sentences from sessional paper 116 of 1876.

Some hon. MEMBERS: Order.

Mr. KUHL: This is since the passing of the British North America Act.

Mr. SPEAKER: Order. There is no point of order in this.

Mr. KUHL: Yes, Mr. Speaker, this is a point of order.

Mr. SPEAKER: The point of order is not well taken. I do not think the hon. member can raise this question now.

Mr. KUHL: The point of order is that the house has not authority to discuss this matter.

Mr. SPEAKER: It is not a proper way to raise the question.

Mr. KUHL: In what way has this house authority to discuss this matter?

Mr. SPEAKER: I do not think the point of order is well taken. If the question raised by the hon. member is to be discussed, it should be in some other manner.

Mr. LAPOINTE (Quebec East): The point of order being disposed of, I wish to tell my hon. friend who asked the question that I am very busy just now in preparing to give him a definite answer in a very few days.

RADIO BROADCASTING

METHOD OF APPOINTING RADIO LICENCE VENDORS

On the orders of the day:

Hon. C. D. HOWE (Minister of Transport): Yesterday the hon. leader of the opposition (Mr. Manion) asked me to make a statement with reference to any changes in the collection of radio licence fees. Having looked over the file I find a letter addressed to myself from J. R. Bowler, general secretary of the Canadian Legion, and copy of a circular sent out by Mr. Bowler to all branches of his legion setting out the agreement arrived at between the committee of returned men and the officers of my department in this connection. The memorandum makes it quite clear that there is no change in the method of collection other than that all house to house canvassers shall be returned soldiers. It was emphasized by the legion and by the officers of my department that it was not thought wise to make any change other than that, having in mind the responsibility of the Department of Transport to collect the funds required by the radio broadcasting corporation and the responsibility of the legion in recommending house to house canvassers.

I may say that only about thirty-four per cent of radio licence fees are collected by house to house canvassers, about twenty per cent are collected by dealers, and the rest is collected largely through the post offices. That being the case it has been the practice since 1932 to ask members of parliament to organize their ridings as to the number of house to house canvassers required. That practice has been maintained through the years, and discussion with the returned men indicated that they did not wish to change the practice.

Mr. MacNICOL: The minister says that since 1932 members of parliament have been asked to organize their ridings in reference to the matter. I know of nothing like that.

Mr. LAWSON: Nor I.

Mr. MacNICOL: Does the minister mean present members of parliament on the government side and defeated Liberal candidates?

Mr. HOWE: I think it is customary for the head of a department to call for the advice of members of parliament who are like-minded with himself.

Mr. COLDWELL: Are the defeated Liberal candidates in the constituencies responsible? In my constituency returned soldiers are being directed to the defeated candidate in the last campaign. I have never been consulted.

Mr. SPEAKER: Orders of the day.

Mr. MacNEIL: It is a fair question.

Mr. MANION: Is there any change in the percentage allowed to the collectors?

Mr. HOWE: None whatever. It was set somewhat higher in 1932, reduced to the present level in 1933, and there has been no change since.

CANADIAN WHEAT BOARD

ALLEGED DISCRIMINATION AGAINST VANCOUVER IN GRAIN SHIPMENTS

On the orders of the day:

Mr. THOMAS REID (New Westminster): I wish to address a question to the Minister of Trade and Commerce (Mr. Euler). According to a news item appearing in the Vancouver *Province* of March 2, a direct charge has been made by the mayor of Vancouver that the dominion government, through the wheat board, has discriminated against Vancouver by ordering grain shipments to move east instead of west. In view of the seriousness of the matter to the Pacific coast ports, I think some statement should be made by the minister.

Hon. W. D. EULER (Minister of Trade and Commerce): I should like to make my reply to that question just as emphatic as possible. Perhaps it is unnecessary to say that the government never at any time interferes with the operations of the wheat board, either with regard to purchases or sales or the manner in which the wheat shall go forward to the markets of the world. I asked the chairman of the board as to this charge and he says that there is absolutely no favouritism in regard to routing the grain, that it is routed eastward or westward according as it is to the financial interest of the board and of the country.

TABLING OF WEEKLY REPORTS

On the orders of the day:

Hon. W. D. EULER (Minister of Trade and Commerce): The hon. member for Qu'Appelle (Mr. Perley) asked the other day that the weekly auditors' reports of the wheat board be, not laid on the table, but placed among the sessional papers so that they might be examined by members of the house. He advanced as a reason for his request that this was done last year and therefore should be done this year. I stated yesterday that while that was the practice last year it was only during the period when there was really no wheat for sale; and that now, since wheat is for sale, the practice has been discontinued. Perhaps I might read into the record what was said last year. The then leader of the opposition, Right Hon. Mr. Bennett, had asked on March 3 that there should be deposited with the clerk of sessional papers the weekly auditors' report of the operations of the wheat board. I replied on March 14 as follows:

On March 3 last the leader of the opposition (Mr. Bennett) requested that there should be deposited with the clerk of sessional papers the weekly auditors' report of the operations of the wheat board. These reports have now been received from October 12, 1935 to February 24, 1938, and will be so deposited to-day. As each report is received from week to week it also will be deposited. Perhaps I should say that the time might conceivably arise when it would no longer be advisable to follow this practice.

I should like to direct attention to the fact that during the period when these reports were placed in the sessional papers, the board was not buying wheat. At that time we had a regulation providing that unless wheat fell below ninety cents a bushel none should be purchased, and the board did not acquire any wheat. At the present time, however, the board is purchasing and selling wheat, and in accordance with the practice followed prior to the time when no wheat was being purchased, we have not given out the information, believing, with the chairman of the board, that it was not in the public interest to give details as to the purchases and sales of wheat by the wheat board.

Mr. PERLEY: In reply to the minister's statement—

Some hon. MEMBERS: Order.

Mr. PERLEY: I think I am in order. This is a matter of considerable importance.

Mr. SPEAKER: The hon. gentleman may not ask questions except with the consent of the minister.

Mr. EULER: I have no objection to answering a question.

Mr. PERLEY: I should like to ask whether it is not a fact that while the 1935 wheat board was taking wheat from the farmers there was a report made of the sales, the amounts on hand, and so on, and whether that report was not made public.

Mr. SPEAKER: The hon. member is out of order.

Mr. PERLEY: And the amount on hand at the end of each week.

Mr. SPEAKER: This is not the proper time for a discussion of this kind.

Mr. PERLEY: I do not know when we are going to get a proper time for this discussion.

Mr. EULER: I suggest that my hon. friend put his question on the order paper, and he will receive an answer.

PENITENTIARIES

ESTABLISHMENT OF COMMISSION WITH POWERS OF ADMINISTRATION AND CONTROL

The house resumed from Friday, March 3, consideration in committee of Bill No. 34, respecting penitentiaries—Mr. Lapointe (Quebec East)—Mr. Sanderson in the chair.

On section 10—Appointments of wardens, etc.; salaries.

Mr. CHURCH: I understand that this commission is to be under the control and management of the minister himself; that is, it is to be a departmental commission under the minister. This section is the same as section 20 of the old act, and I should like to ask the minister what is being done in order to obtain guards, deputy wardens and wardens of the proper type. You cannot learn this business in a day. The warden and deputy warden are the chief officers, and in the absence of the warden the deputy takes his place. Is any system proposed for the training of these men, or will they just be brought in from their private occupations to act as wardens, deputy wardens and so on, and have their salaries fixed by the commission?

Mr. LAPOINTE (Quebec East): If my hon. friend refers to the new system we want to inaugurate, the guards who will be appointed by the commission will have to undergo training and will be appointed only after their qualifications have been fully approved and recognized. Then they will be given the opportunity to show their capacity, their character, their ability to manage, and so on, and the intention is that deputy wardens and wardens will be appointed from among the men who have made good in the various services of the penitentiaries.

Up to the present nothing of this kind has existed. I know how difficult it has been in the past for ministers of justice to find the best possible men to put at the head of the various penitentiaries. When men already in the service could be appointed, after they had proved that they could assume the responsibility, they usually were appointed. Otherwise it is a difficult task for the authorities to find the best available men. As a matter of fact at the present time there are one or two vacancies, and I have the various officers of the department at work trying to find the best possible men to appoint. I believe that with the system which will be organized it will be possible to obtain trained men. It is even the intention to have a training school under the commission—of course on a smaller scale—such as they have in England, which has proved to be such a valuable institution in furninshing men qualified to administer penitentiaries.

Mr. CHURCH: In other words we may expect that the old system will be followed; that people will be appointed by the governor in council as wardens and deputy wardens with no training for the work except what they may learn by experience.

Mr. LAPOINTE (Quebec East): No.

Mr. CHURCH: Yes, they will have to learn in practice by experience, as they have in the past.

Mr. LAPOINTE (Quebec East): My statement was exactly to the contrary.

Mr. MacNICOL: I should like to go just a little further in reference to the appointment of guards and others mentioned in subsection 1 and referred to again in subsection 2. Do I understand from what the minister says that it will be the intention in Canada to follow the system which has been established in the old country?

Mr. LAPOINTE (Quebec East): That is what we have in view. That is the purpose I have in mind in having this change effected, and I think my hon. friend will agree that if we succeed in doing so, it will be a great improvement.

Mr. MacNICOL: I am heartily in accord with it, if that is the intention, because it means that somewhere, probably in one of the penitentiaries, the commission will set up a school in which those who may wish to become guards, sub-wardens and so on may undergo thorough inspection, training and education. Then these men will be selected, not for permanent appointments but for trial?

Mr. LAPOINTE (Quebec East): Yes.

Mr. MacNICOL: I believe that system has been found very satisfactory in the old country, where I understand they have one school, at Wakefield. So I am to take it that in Canada the intention is to follow that system, which really takes the appointment of guards, deputy wardens and wardens out of the political sphere?

Mr. LAPOINTE (Quebec East): Absolutely.

Mr. MacNICOL: I am heartily in accord with anything along that line, because in

the old country politics are wiped out, as far as I could ascertain, in everything connected with prisons.

Mr. MacINNIS: I should like to say a few words in opposition to the procedure adopted by the government with respect to this section. The government has decided to appoint a commission, responsible to the minister and parliament, to administer the penitentiaries. The other day, speaking to the committee, the minister said, in effect, that when appointed the committee would be composed of individuals in whom the people of Canada could have complete confidence.

Mr. LAPOINTE (Quebec East): That is my hope.

Mr. MacINNIS: And that they would not be selected because of political bias. I am sure every hon. member appreciates that statement, and I believe the commission will be as the minister has suggested. In my opinion no one should have a greater desire than the minister that the commission be composed of men of the best possible type. But it seems to me the government is making a mistake when, after appointing a commission responsible to the government, it then undertakes to appoint wardens, deputy wardens and other administrative or executive officers who must operate under the commission. I suggest that the appointment of the wardens, and the wardens only, might be left with the commission. As the commission is responsible to the government for the administration of the penitentiaries I think it should be permitted to select the persons directly under it. But with the exception of the wardens, all the other employees in the penitentiaries should be appointed by the civil service commission.

I see no reason why we should set up a civil service commission and then leave appointments to other persons. Let me quote the words of the present Prime Minister on this subject, when he was leader of the opposition. On March 30, 1933, the then leader of the opposition was speaking to a resolution which had been introduced by the former minister of justice with respect to the appointment of penitentiary officials by the governor in council, a provision similar to that now before the committee. The right hon. gentleman is reported in *Hansard* for 1932-33 at page 3544, as follows:

> Mr. Speaker, this resolution involves the introduction of a bill which means a departure from the merit system and a return to the discredited patronage system with respect to appointments in connection with the penitentiaries of our country. In a word, it will make political machines out of the penitentiaries, and I want therefore to take very strong exception, at the very outset, to the passage of this resolution.

I submit that that is strong language from the present Prime Minister. But he went farther, and said:

> To begin with it will have an unsettling effect upon the whole civil service of Canada. If this important branch of the civil service is to be withdrawn from the operation of the Civil Service Act, and the control of the Civil Service Commission, it will be but the thin edge of the wedge, the introduction, in other words, of a policy on the part of the administration to withdraw other services from the control of the Civil Service Act. Hon. gentlemen opposite were in office, I believe, at the time provisions of the Civil Service Act were extended to cover some of the outside services, and they will recollect the difficulty there was in getting the measure through the house and the necessity of backing up their efforts by strong public opinion throughout Canada.

And then he goes on:

> I said that before, some time ago, and what has happened since bears out the truth of my statement. That a group of gentlemen, none of whom has any special training or the expert knowledge required in determining the qualifications of a warden of a penitentiary, should undertake such appointments, is a course of procedure certainly open to question.

It is only fair to add that with respect to the appointment of wardens he went on to say:

> All things considered I believe that concerning important technical positions requiring certain special personal and other qualifications, the minister himself is perhaps better able than the commission to make appointments. . . . I just wish to stress at the outset what has been recognized by the press of all political parties since the resolution appeared on the order paper to be a distinct step backwards and a great misfortune. I was hoping the minister was going to allow the resolution to remain on the order paper until the close of the session, since it had been there already for so long a time.

I believe the leader of the opposition of that day was on strong ground. It is my opinion that this government would be making a mistake if it were to adopt the section as it now stands.

As I said before, I believe the appointment of wardens should be left to the commission, but that deputy wardens, other administrative or executive officers and all other employees in the penitentiaries should be appointed by the civil service commission. I hope the minister will take these points into consideration before the bill receives third reading, with a view to bringing in an amendment along these lines.

Mr. LAPOINTE (Quebec East): As my hon. friend and members of the committee

know, I was in charge of the Department of Justice between 1923 and 1930. During that time all the appointments to the penitentiaries and in the penitentiary branch were under the civil service commission. Speaking in the house in 1925, I said the following, as reported at page 1284 of *Hansard*:

I am responsible for what happens in the penitentiaries of Canada at the present time. I am responsible if there are evasions; I am responsible if there is a rebellion in a penitentiary anywhere; and I think it is not fair that the wardens and the deputy wardens, the main officers, and even the guards in the penitentiaries, should be selected under a system of competitive examination. It is absurd. I think that penitentiary work should be compared with the work of the mounted police or even of the militia. In the penitentiary the work that is to be done by the guards, and very often their lives are in jeopardy, depends for its success more on the character and the temperament of the man than on what they may happen to know about geography or arithmetic or anything else. This conviction I have formed during the year and a half in which I have been at the head of the administration of the Department of Justice. I believe in control by the Civil Service Commission when it is a case of appointments in connection with ordinary departmental work, but I do not think they are qualified to select the men to conduct the penitentiaries.

Up until 1930 while I was Minister of Justice no change was made in the system of appointments. Three years after he had taken charge of the department, my predecessor in office, Hon. Mr. Guthrie, introduced legislation for the purpose of taking away from the civil service commission the appointments to the penitentiaries. That is the law as it exists to-day. My hon. friend has read what the then leader of the opposition said, but he should also read my words when I spoke on that bill. I supported the bill because I thought Mr. Guthrie was right in taking charge of the appointments to the penitentiaries. This is work of a special character, comparable to the work of the mounted police, or even the army. However, I objected to that part of the bill which dealt with the stenographers and clerks employed in the branch, and Mr. Guthrie agreed to change the bill and not apply its provisions to those engaged in clerical work. If my hon. friend turns to page 3652 of the *Hansard* from which he has just read, he will find that my leader agreed with what I had stated. He approved the bill as it referred to wardens, deputy wardens and those in charge of convicts in the penitentiaries.

One has only to consider the matter to realize that this is not something which could be done by the civil service commission. As I said the other day, the Minister of Justice is responsible when things go wrong in that difficult branch of the department. Under the new system which I want to establish, the permanent officers will have to go through a training period, as I told the hon. member for Davenport (Mr. MacNicol). They will then become specialized in their work and the prison commission will be in charge of appointments. The appointment of wardens and deputy wardens will be kept under the governor in council, but no appointment will be made without the recommendation of the commission. I would have no objection to adding those words to section 10 if it is thought desirable that they should be added.

Mr. LANDERYOU: I wish to congratulate the minister upon introducing this bill. I find myself in agreement with section 10, but I should like the minister to explain what procedure would be taken in case a complaint was laid against a deputy warden, for instance. How would that be handled if the appointment were made by the civil service commission, and how would it be handled under the section as it now reads?

Mr. LAPOINTE (Quebec East): An investigation would be made by the commission.

Mr. LANDERYOU: Under section 10, if a complaint were laid against a deputy warden, the minister would have to deal with it directly?

Mr. LAPOINTE (Quebec East): Under section 10 the governor in council appoints wardens and deputy wardens, but under other sections of the bill the commission would have to do with administration, discipline and other matters.

Mr. LANDERYOU: If the deputy warden were appointed by the civil service commission, the complaint would have to go to them.

Mr. LAPOINTE (Quebec East): Yes, and I do not know what experience they would have.

Miss MACPHAIL: If the minister is willing, I should like to have the words "on the recommendation of the commission" inserted. I am quite sure that the desire of the minister is to have the commission recommend appointments from their own trained employees to the positions of warden and deputy warden.

Mr. MACKENZIE (Vancouver): I move that section 10, line 33, be amended by inserting after the word "may" the words "on the recommendation of the commission approved by the minister."

Mr. CHURCH: This amendment would lead to dual control and dual authority, one of the things condemned by the report of the commission. The warden or deputy warden will say, "I have no power, I am interfered with or overruled by the governor in council or by the commission." It will lead to confusion and a division of authority, which is a bad thing in institutions such as these. There should be someone in absolute control. If the governor in council is to have certain powers and the commission other powers, it will not work out. There should be someone in absolute control. It is the only way you can have efficiency and economy.

Mr. LAPOINTE (Quebec East): There is practically no change from the law as it was approved by my hon. friend. The only change in this section is the one suggested by the hon. member for Grey-Bruce (Miss Macphail), which I have accepted. The only change in section 11 is from "superintendent" to "commission." I do not see how there can be any complaint.

Mr. BROOKS: I understood the minister to say he was following the English system. Are the wardens and deputy wardens appointed by the commission in Great Britain, or by some other department of the government?

Mr. LAPOINTE (Quebec East): I think in a general way the employees of the penitentiaries are appointed by the prison commission. I do not know whether the wardens are appointed by the home office or by the king in council, but I shall find out.

Mr. MacINNIS: I am not satisfied with the amendment. If that is all the minister will concede, we shall have to take it and be thankful for that much; but there is a principle involved which I cannot overlook. Whether the appointment is made with or without the approval of the commission, it will be, as the section now stands, a political appointment.

Mr. LAPOINTE (Quebec East): Oh.

Mr. MacINNIS: If the minister recommends somebody, I can hardly conceive of the commission refusing to accept the person recommended. I do not think the minister can conceive of the commission saying that they will not have a person who has been recommended by the governor in council.

Mr. LAPOINTE (Quebec East): My friend then will find, if he has that in mind, that I am a pretty weak minister. I would advise him to go to the head of the mounted police and ask him if I as minister in control of the force ever asked him to appoint one man upon the force.

Mr. MacINNIS: I have not said that the minister has.

Mr. LAPOINTE (Quebec East): The hon. member said it would be a political appointment.

Mr. MacINNIS: I did not. I was referring to what is in the bill. The bill says that the wardens are to be appointed by the governor general in council; and the governor general in council, in this case, will be acting on the advice of the Minister of Justice.

Mr. LAPOINTE (Quebec East): Yes.

Mr. MacINNIS: Well then, the Minister of Justice will make the appointment, and so I do not see the commission saying—

Mr. LAPOINTE (Quebec East): My hon. friend does not need to get excited.

Mr. MacINNIS: When the minister says that I say things which I have not said, I have a right to get excited.

Mr. LAPOINTE (Quebec East): The hon. member said it would be a political appointment, and I deny it again.

Mr. MacINNIS: I still say it will be a political appointment.

Mr. LAPOINTE (Quebec East): I still say the hon. member is wrong.

Mr. MacINNIS: The position will not be advertised. Only a small number can know that an appointment is being made. That small number will be restricted to a certain political party, and the rest of the community, where there may be just as much talent, just as much ability, will have no opportunity to make application for these positions. That is the principle involved, and that is why I insist that this should be under the civil service commission. As I look across to the government side of the house, I see a number of members who rose in their places in 1933 and denounced the bill as introduced by the former minister of justice. I should like to see them get up now and state their position as they stated it then.

Mr. MacNICOL: I feel disposed to support the clause, having heard the minister say that the intention of the department is to follow the custom now followed in the

old country. I suppose it will take some little time to work it out. I am now going to speak of it as it has been in operation. I took particular interest in it while I was at Leeds, and also—and particularly—at Barlinnie prison, at Glasgow. The acting warden then in charge at Barlinnie had been deputy warden at Wakefield, and during his term of office at Wakefield had been in charge of the school. I went to particular pains to learn how the appointments were made, and whether they were in any way political, and he assured me that so far as he knew they were absolutely non-political. If a position becomes vacant in any prison, the authorities—I assume, the home office—are notified at once. Having ascertained that a position is to be filled, the home office would then communicate, as I understood, with the person in charge of the school.

Although I may be wrong, not being very familiar with that kind of administration, the inference I drew was that the appointments were wholly non-political, made on recommendation of the authorities at Wakefield, and from the school at Wakefield officers were sent hither and thither to all the prisons of England. If I am in error in that assumption perhaps the minister can correct me. If that system is followed I cannot see that there is anything political about appointments. That is what the deputy warden told me: he got his own appointment without any political pull. He had no politics; he had been trained in the school, graduated therefrom, obtained a position and worked his way up in a certain number of years to be deputy warden of one of the chief prisons of the old country. Personally I am strong for civil service commission control, but I do not see how it could control this. The administration recruits are to come from a school which the government is to set up for the training of all these officials who are required.

Mr. LAPOINTE (Quebec East): Exactly.

Mr. MacNICOL: If that is followed out here with the same purpose they have in the old land, it cannot fail to render satisfaction.

Mr. MacINNIS: When the hon. member for Davenport (Mr. MacNicol) compares the civil service in Great Britain with the civil service in Canada he is comparing two things which are not comparable, because political patronage has entirely disappeared from the civil service in Great Britain. Sir Francis Floud, when he appeared before the civil service committee last year, made the statement in answer to a question that a recommendation from a member of parliament would be an obstacle rather than an aid to the securing of a position in the civil service. This afternoon we heard a minister say that appointments in a certain department were to be made on the recommendation not of a member of parliament but of a candidate who had been defeated, in whom the electors of the constituency had showed they had no confidence. He is the person who in certain cases will make appointments. It was drawn to my attention last year in the house that the recommendation of an hon. member in another province carried far more weight than that of the elected member in the constituency in which the appointment was to be made. I heard the hon. member for Grey-Bruce (Miss Macphail) say that this could not be done under the civil service commission. There was a civil service committee appointed in 1921. An attempt was made at that time to take some of these classes from under the civil service commission, and the then superintendent of penitentiaries, General W. S. Hughes, was a witness before the committee. In reply to a query by a cabinet minister as to whether he would prefer to have the selections made by the civil service commission rather than by himself, General Hughes said:

> I would prefer they would do it, very much.
> Q. Why?
> A. Under the system in which they appoint them, it gives our warden practically full control over them, because it gives our warden an opportunity to see whether they are satisfactory to him or not, and if they are not he has only to let them go. Under the old system, if we were saddled with a bad man we would have to keep him. We had no power to dismiss him.

I am not saying that the minister would interfere with the dismissal of a man whom the commission found unsatisfactory, and I am not saying that if we had the machinery they have developed in Great Britain for these appointments, the suggestions made would not be all to the good. But we have not that machinery. Political appointments are made in all departments, and unless we provide that these appointments shall be made by the civil service commission, they will continue to be made politically, no matter what the minister or anyone else may say.

Mr. LAPOINTE (Quebec East): Perhaps I should rather keep silent. My hon. friend likes always to have the final word. But may I tell him that, even though the civil service commission in England is the perfect instrument he says it is, these appointments are not made by that commission. Appointments of prison officers are made by the prison commission. So that the argument of my hon. friend falls to the ground.

With regard to the former bill of 1933, the system which we shall have is quite different, because the superintendent will not be merely an officer in contact with the minister, and no evil-minded person will be able to suggest that the minister exercises influence over him. That will all be changed. The members of the board will be appointed for ten years. They will be independent of the government and will be responsible for the making of appointments. My hon. friend says that if there is a recommendation to dismiss an employee the minister may exercise some influence over the commission.

Mr. MacINNIS: I did not say anything of the kind.

Mr. LAPOINTE (Quebec East): What did the hon. member say?

Mr. MacINNIS: I have tried to tell the minister what my opinion is.

Mr. LAPOINTE (Quebec East): The superintendent of penitentiaries is here and I can assure my hon. friend that I have never attempted to interfere, and never will, with any recommendation of the superintendent for the dismissal of an officer by reason of bad conduct or anything else, apart from signing and approving the report. My hon. friend is wrong when he thinks of his fellow men, whether they be ministers of the crown or other persons, as having always some evil design or as being always willing to work only for party advantage. I may tell him that he is wrong. More than that, this is intended exactly for the purpose of removing the administration and management of the prisons of Canada as far as possible from any control by party government. I am surprised that the hon. gentleman should put so many obstacles in my way. I am trying to organize a reform that has been asked for by many people in Canada, many reformers, and I had not expected him to put so many obstacles in the way.

Mr. CHURCH: The whole plan of this reform for the control of these institutions hinges on the principle involved in subsections 1 and 2 of section 10. It seems to me we are getting merely the form and not the substance of real prison reform. In the first place the key men in the penitentiaries will be those appointed by the commission. The men who will actually be in control of human beings are to be appointed by the commission. On the other hand, we have the governor in council, and the governor in council is always regarded as a political agency. I do not say that it will be so in respect of the present Minister of Justice, but under section 10 the appointment will be made by the governor general in council on the recommendation of the commission. The commission will be a lot of figureheads with power merely to recommend the heads and chiefs. Who are the key men the governor in council appoints? They are the wardens, deputy wardens and other administrative officers, including, I suppose, teachers and medical officers, bookkeepers and technical men. They are to be appointed by the government on recommendation of the commission. The governor in council will be in Ottawa, the commission will be in Ottawa, while the men really at the head of the institution will be on the scene of battle. In my opinion the proposal before us will lead to inefficiency, lack of responsibility, divided control and lack of proper supervision of these institutions.

The 800 men in Kingston penitentiary, for example, will be regulated and drilled by officers appointed by the commission. In other words, you will have an agency up here appointing key men whose duty it will be to maintain control over 800 men in that institution. It seems to me that the whole bill is top heavy and will soon be on its way to be upside down. I have had a great deal of experience with commissions of various kinds and I know very well what difficulties and complications are going to be met with under this bill when the commission is set up. Mr. Brockington was before a radio committee of the house the other day and he intimated that he was beyond the control of parliament and could do as he liked over the head of parliament. In the same way, if you pass section 10 of this bill, you can say good-bye to any further control by parliament of our penal institutions for the next twenty-five years, and we who sit here will be responsible twenty years from now if we find by that time there has been no progress or no substantial reform has been introduced. The same policy that has been pursued in connection with the radio commission, the railway commission and similar bodies will operate here, and you will find that this commission will be top heavy. It is going to be a sort of regular standing army with its key men, guards, teachers, mechanics and others who will be actually in charge of the inmates, and to these commissioners we are going to hand over powers which we have never dreamed of giving to our judges. These officers will be able to make rules and regulations which even a judge presiding outside in a

court of justice cannot promulgate, and to give to these rules and regulations the force of statutes.

The policy itself has been condemned by the court of appeal of the province. Without this parliament's knowledge or consent, these officers and warden's courts may extend a man's term and impose penalties which even the judge who sentenced the prisoner had not the power to impose. Yet we sit here handing over to a commission of this sort the power to appoint a certain class of men to these important positions. It reminds me of Coxey's army, with all the array of brass hats. Everybody of importance will be a general or a brigadier or a brass hat, appointed by the governor in council. When it comes to the men on the ground, the captains, the lieutenants, the sergeants and the corporals, they will be appointed by some gentlemen known as the commission; and when any trouble arises in the west one of the commissioners, I presume, will travel with a staff and retinue, all over the country, just as if he were in the army, and with no results.

Nothing is said in this bill about reclamation and prevention. We all know what prevention in hygiene and medicine and public health have done; yet in this most important piece of legislation dealing with such an important problem, no provision is being made to reclaim the inmates of our penitentiaries or to prevent crime, nor are there any prevention measures in it. The hon. member for Renfrew South (Mr. McCann) the other day spoke words of wisdom when he discussed certain conditions in our penitentiaries. He dealt with the social and medical problem in its relation to public health, and what he had to say in that regard might well be heeded by the minister. The minister is a gentleman in whom I have the utmost confidence and whom I respect, and I would rather see him in control. Let him appoint the superintendent and the other important officers himself and retain control. I think it would be far better. In England the Home Secretary has a central board, and he gives these people a free hand. This section may have been drafted by lawyers, but you are just divesting yourself forever of any authority.

Miss MACPHAIL: My understanding is that although the bill before us is voluminous, what it really sets out to do is to set up a commission which will have charge of the penitentiaries of Canada and which, after some experience and due consideration, will move as rapidly as possible to carry out as many of the eighty-eight recommendations made by the royal commission as they think feasible.

I agree with the Minister of Justice that in this particular the commissioners are much better able than any other person to judge whether men who have been guards are going to make good deputy wardens or good wardens. No civil service commission can know whether a certain man handles men well and another man does not; there is nothing in the examination which will show that. But the commission which is in charge and in complete control of all the penal institutions in Canada will know whether the person it is recommending will make a good deputy warden or a good warden. I happen to know that already, before this bill is passed, the government or the Minister of Justice has gone a long way to have chosen by a competent man guards from various penitentiaries who will soon be given special training, the first of them at Wakefield, and then after a time there will be a school set up here for the training of guards. So that actually the appointments to be made in the first place will be in the lowest category, people who are coming in from the bottom, and they will have to work themselves up to the top. Of course many guards will never become deputy wardens or wardens. But I agree entirely with the Minister of Justice in the matter, and I think it is unfortunate that in order to appoint a commission we have to go through this long bill, which procedure gives many opportunities of raising objections. The whole desire is to appoint a commission and give them control of the penal institutions.

I was sorry not to be able to be here the other day on account of indisposition, but I believe the Minister of Justice said that the three commissioners would be appointed for their worth and merit and not for political considerations. In my opinion the personnel of this commission is the vital factor; if you get the right men as commissioners, with such an excellent report as they have in their hands and with the sympathy of the Minister of Justice, which is undoubtedly evident, we shall have for the first time in Canada an opportunity to work out a worthy penal system.

I was very much interested to read the speech of the hon. member for Renfrew South (Mr. McCann); I wish he had been in this house ten years ago to help with this fight when it was a fight, and when anyone who said anything in favour of penitentiary reform was not heard with favour in the house; it was a most unpopular subject. But

I should like to see the minister get his bill through without having to fight for every section as though it were something he was trying to foist on the Canadian people contrary to the wishes of the house.

Mr. MacINNIS: I must protest against the accusations of the Minister of Justice that I am putting obstacles in his way. This bill has been before the committee to-day for less than an hour, and I have taken up possibly fifteen minutes of that time. That is all the time I have taken in speaking on this bill since it appeared on the order paper, yet the minister says I am putting obstacles in his way. Is a member of parliament supposed to state his views in this house on any subject that comes up, or is he to take it that when the minister brings forward a bill he is infallible and nothing further need be said about it? As far as I am concerned I am not taking for granted the infallibility of anyone; I am prepared to say my say when I think I can contribute something to the debate, just as the minister himself would do.

He says that by this bill he is trying to remove the administration of the penitentiaries as far as possible from political or governmental influence. Well, I am trying to assist him in doing that, and I do not like to be told that I am putting obstacles in his way. I am not. I am trying in my way to improve the bill. If he cannot accept my suggestions, then despite any obstacle I can put in his way he can carry the bill. There is too much of the high and mighty attitude, that only one or two people are entitled to speak, based, I suppose, on the supposition that only one or two have all the wisdom. If they have all the wisdom, the mess we have been in during the last few years indicates that more wisdom is needed.

Mr. MARSH: I was not in the house when this bill was in the resolution stage. If with the indulgence of the chair and the minister I may be allowed to comment on the bill as a whole, I shall doubtless take up less time than if I have to speak on it item by item.

Mr. LAPOINTE (Quebec East): I should be grateful to my hon. friend if he would wait until the sections are carried. Every speech made before the sections are carried has the effect of delaying the bill.

Amendment (Mr. Mackenzie, Vancouver), agreed to.

Section as amended agreed to.

Sections 11 to 13 inclusive agreed to.

On section 14—Annual report.

Mr. LANDERYOU: How much a month does it cost on an average to keep male prisoners?

Mr. LAPOINTE (Quebec East): The usual charges for food and other things required every day are from about $12 to $15 a month. That does not cover overhead, wages of guards, cost of buildings and so on; it covers merely the maintenance of the prisoner.

Mr. LANDERYOU: Could the minister give an estimate of the actual cost including administration?

Mr. McCANN: It is all in the annual report.

Mr. LAPOINTE (Quebec East): Perhaps we might proceed, and I will give the information to my hon. friend later.

Mr. LANDERYOU: This $12 to $15 a month includes just food and whatever clothing they may get?

Mr. LAPOINTE (Quebec East): Maintenance, medical care, clothing and everything of that kind.

Mr. CHURCH: This section is the very same as section 4 of the old act. It is all very well to say that these commissioners shall make an annual report. An annual report about what? We have had this annual report made to this parliament this year and for the last fifteen or twenty years. There is a recommendation at page 268 of the commission's report referring to Dorchester, where the new warden got fine reforms, but the deputy warden was said to be of the old school and incompetent. This annual report will be just the same as under the old statute; it will not contain any of this information for the guidance of parliament; it will give just the amounts received and disbursed, with such other information as may be deemed desirable. I would ask the minister whether this annual report will provide for any study, or any changes along the lines suggested, for example, by the hon. member for Renfrew South (Mr. McCann) regarding prevention and that kind of thing. Will it be the same type of report that one gets from the other commissions?

Mr. LAPOINTE (Quebec East): The hon. member will find that under section 15 the minister will receive from the commission a report which will contain all possible suggestions for improvements.

Mr. LANDERYOU: May I ask why the cost for food, clothing and medical attention should be from $12 to $15 a month when the

thousands upon thousands on relief receive only half that amount for food, clothing and shelter? The figures are anywhere from $2.30 to $7.78 a month for the food, clothing and shelter of those on relief.

Some hon. MEMBERS: No.

Mr. LANDERYOU: Here we find the cost of maintaining these criminals just about double that amount.

Mr. LAPOINTE (Quebec East): My hon. friend will forgive me if I do not discuss that phase of the matter. These prisoners are sent by the courts to the federal establishments. We have to take care of them, and I am simply telling my hon. friend the cost; that is all.

Mr. LANDERYOU: You have to take care of those in gaol at a cost of $15 a month, while those on relief get only $7 a month.

The CHAIRMAN: Order.

Mr. LANDERYOU: I suggest that the unemployed would be better treated in gaol than they are out of it.

The CHAIRMAN: Order.

Section agreed to.

On section 16—Construction and repairs.

Mr. MacNICOL: Under this section the construction and repairs of buildings and other works in the penitentiaries are under the control of the commission. Would that be through the Department of Public Works or under the commission itself?

Mr. LAPOINTE (Quebec East): The commission itself.

Mr. MacNICOL: Would the commission receive tenders and let contracts?

Mr. LAPOINTE (Quebec East): Even at the present time repairs in the penitentiaries come under the penitentiaries branch and are done largely by convict labour.

Section agreed to.

Sections 17 to 27 inclusive agreed to.

On section 28—Duties of assistant commissioners.

Mr. MacNICOL: The assistant commissioners are to receive salaries also, I assume?

Mr. LAPOINTE (Quebec East): Yes. The assistant commissioners will be permanent officers. The commissioners are appointed for ten years, as my hon. friend will remember, but the assistant commissioners will be permanent appointments. As a matter of fact, their duties will be those performed at the present time by the inspectors of penitentiaries, and I suppose the first assistant commissioners will be the inspectors.

Section agreed to.

Sections 29 and 30 agreed to.

On section 31—Wardens to have executive control.

Mr. CHURCH: Under this new commission is it intended to retain these illegal warden's courts, which sometimes impose penalties which even assize judges or the chief justice cannot impose and which parliament has never sanctioned? These warden's courts are absolutely illegal, and I think we should have a stated case to the supreme court in regard to them. Some of the findings of these courts are made without proper trial, on hearsay evidence of some biased witnesses, a practice which was condemned by the royal commission.

Mr. LAPOINTE (Quebec East): As I said in the beginning, the changes to be made in the law will be made later on the recommendation of the commission which is to be appointed; and the commissioners themselves will have power to make rules affecting these so-called courts.

Section agreed to.

Sections 32 to 44 inclusive agreed to.

On section 45—Privileged visitors.

Mr. CHURCH: This section would not permit inquiries to be made by grand juries. Surely the grand jury on the authority of the judge at the assizes should be enabled to visit once or twice a year at least, these institutions in the town where the assizes are held, but I do not see any provision for that here. The judge presiding at the assizes, which may be held once or twice a year, should be able to direct the grand jury to visit any institution and report thereon. The grand jury system is an important factor in the administration of justice in Ontario, as in other provinces, and I believe the judge presiding at the assizes should be able to have these inspections made. In 1935 a bill of mine dealing with this matter was before parliament. The grand juries have the power to visit provincial and municipal institutions, where they pounce upon a great many defects. So much has that been so that a royal commission in Ontario has condemned some of the older gaols as being unfit for human habitation. I think grand juries would be far better than some of those preferred visitors.

who never or seldom visit, who are named in this section, which gives this permission to the following:

—the governor general of Canada, the lieutenant-governor of any province of Canada, any member of the king's privy council for Canada, any member of the executive council of any of the said provinces, any member of the parliament of Canada, and any judge of any court of record in Canada or in any of the said provinces—

I venture to say that hardly any of these people have been in one of these institutions. Grand juries have had certain powers since time immemorial, and they are the bodies to inspect these places. They can summon anyone in the prison before them for information, and such visits would not interfere with the discipline of the institution at all and be no expense. This is one way in which we can find out what is going on. Do not forget that these federal prison institutions have been conducted as closed shops since confederation. The public did not know what was going on in them; otherwise we would have had reforms years ago. In England the grand juries have had these powers, so why should they not have them in Canada? Are we behind the mother country in the matter of law reform?

Mr. LAPOINTE (Quebec East): The grand jury is, of course, entirely a provincial organization over which we have no power, authority or control. Apart from that, in most of the provinces grand juries have been abolished. I believe in Ontario they still exist, but not in Quebec, British Columbia or several other provinces. However, I do not see why any exceptions should be made there for men who may be employed provincially in the prosecution of the assizes. There is really no justification for making them different from any other citizens. Apart from that, the commission will have power to make rules with regard to visitors. I understand in England they have what are known as visiting committees. I believe the amendment suggested by the hon. member is not necessary.

Mr. MacNEIL: Would the minister explain the limitation with respect to members of the executive council of any of the provinces. Would he consider the advisability of allowing members of provincial legislatures to visit penitentiaries during business hours and at the pleasure of the wardens, provided they are agents of inmates, and that they may have been asked to deal legitimately with some business of the inmates. That frequently occurs with regard to men in prison, and particularly in connection with violations with respect to unlawful assembly or rioting. It refers particularly to men who are without next of kin and, so far as representations to be made on their behalf are concerned, are deprived of contact with the outside world.

At the same time I would ask the minister whether, in the event of a member of the House of Commons visiting a penitentiary, any restriction would be placed upon him in a discussion with an inmate in connection with a matter such as an appeal to the crown for clemency?

Mr. LAPOINTE (Quebec East): That is all a matter of regulation. However, I fancy a member of parliament is at liberty to talk to prisoners on business when visiting a penitentiary. It is a matter of regulation, and I should like to leave those items of detail for the consideration of the commission, in the light of their study and experience.

Mr. MacNEIL: Would the minister consider favourably the idea of extending the provision to include members of the provincial legislatures?

Mr. LAPOINTE (Quebec East): The suggestion will be considered.

Mr. MacNEIL: It is now limited.

Mr. LAPOINTE (Quebec East): I should not like to put it into the bill.

Mr. CHURCH: I suggest that the new section 45 is, with the exception of a few words, the same as the present section 40. These institutions have certain privileged visitors who rarely visit. Rightly or wrongly, these institutions are managed by the crown, and I say there should be some proper public and independent inspection of penitentiaries by grand juries.

The late Chief Justice Meredith presided at the assizes in Ontario for over forty years. Speaking to a grand jury in the county of York in 1930, he made reference to a bill which was before this house seven or eight years ago and which gave power to the grand jury to make public inspection. Reading the amendment to the grand jury he said, in effect, that federal and provincial institutions, whether rightly or wrongly managed, are managed by the crown, and grand juries as representatives of the public should during a period of the assize courts have the right to visit any of those institutions in the town where the assizes are held. They would obtain their authority from the judge presiding at an assize court.

That privilege has been in existence in England for years. Over there the grand or

other jury insists upon inspection of institutions. Under the provincial system a grand jury visited an asylum and found several sane men in it. Yet there were officials of all kinds in that province. Although there is inspection by the officials mentioned in the section, in my humble opinion many of them are just figureheads, and they do not make a public inspection. It is no inspection at all.

The late Chief Justice Meredith was on circuit work for forty years, and was one of the ablest judges who has ever served in Ontario. He wondered why the principle of inspection, one which has been found in the British criminal law for many years, could not be carried out here. The section under discussion provides for certain visitors. There may be visits when the officials know you are coming. Those visitors will come by train, bring their aides-de-camp, and all that sort of thing. Under those circumstances they will learn a lot, won't they! But if a grand jury were permitted to make a visit, I suggest it would not interfere with the discipline of the institution or cause any expense. If we had had that system years ago, the deplorable conditions which are described in the report would not have existed. We learn of juveniles of sixteen years of age in those institutions, and practices which are opposed to all the known principles of proper dealing with the unfortunate.

In my opinion the minister should be prepared to accept an amendment to the bill permitting a visit from a grand jury. I see no reason why his officials should oppose such legislation. That just shows how much reform one can expect under this new commission, when the department will not accept the principle of the law of England whereby they have a central board, and further the principle whereby a grand or other jury may visit these institutions. These institutions are under the control of the crown, and the crown may do what it likes in connection with them. There are warden's courts within the jurisdiction of the institutions, and they may pass rules and regulations with which even this parliament would not have power to interfere. Yet we are denied the privilege of adding grand juries to the list of visitors.

Mr. LAPOINTE (Quebec East): Of course the hon. member knows there are grand juries in all the assize court districts. Does he mean that a grand jury sitting at Windsor or at Port Arthur would visit the penitentiary at Kingston? Who would pay the expenses? To whom would that grand jury, a provincial institution, report? There is a great difference in England, because over there the prisons are all under one government, and they are institutions over which a grand jury may have some authority. But certainly the grand juries in the various districts of Ontario have nothing to do with federal penal institutions.

Mr. CHURCH: Assize courts are held at Kingston twice a year, and non-jury courts three times a year, and the grand jury in attendance there should be permitted to visit the institution without any expense whatsoever to the government. That is what the chief justice meant. He was referring to a public inspection which would not involve any expense.

Mr. ROBICHAUD: Does the hon. member for Broadview know that the grand jury in England does not exist to-day? He has been saying that in England the grand jury has a right to visit institutions. I would point out to him that it was abolished some years ago.

Mr. MacNEIL: May I ask the minister under what authority are those regulations dealing with visits of next of kin or blood relations promulgated?

Mr. CHURCH: There is a jury in England of the kind I have described. It may not be called a grand jury, but there is an assize jury which visits these institutions. I have reports from Great Britain in my desk which have been prepared by the Home Secretary. Those bodies may not be called grand juries, but they are public bodies with the right of inspection, and represent persons other than the crown.

Mr. ROBICHAUD: The hon. member must have an old report.

Mr. CHURCH: I had a bill before parliament about ten years ago with respect to this matter of a jury inspection, and in that bill the law of England was laid down. I proposed then a similar inspection for Canada.

Mr. ROBICHAUD: That was ten years ago.

Mr. CHURCH: The bill was considered for two or three nights here.

Mr. LAPOINTE (Quebec East): In answer to the hon. member for Vancouver North (Mr. MacNeil), may I say that it is certainly somewhere in the bill. Section 7 states:

> The commission, subject to the approval of the minister, shall have power to make rules and regulations for
>
> (a) the administration, management, discipline and police of the penitentiaries;

Miss MACPHAIL: One of the many recommendations of the royal commission was that there should be a board of visitors for every

penal institution. Would the commission to be set up under the authority of this bill have the power to institute a board of visitors?

Mr. LAPOINTE (Quebec East): Yes, they certainly would.

Section agreed to.

Sections 46 to 51 inclusive agreed to.

On section 52—Warrant for removal.

Mr. CHURCH: I referred to this section the other day. This is practically the same section as is in the old bill, the change being from the minister to the chairman.

Mr. LAPOINTE (Quebec East): In answer to a question asked by my hon. friend I gave certain information the other evening, but he was out of the house at the time.

Section agreed to.

Section 53 agreed to.

On section 54—Commutation of death sentence.

Mr. POULIOT: Will this commission also act as a parole board?

Mr. LAPOINTE (Quebec East): No.

Mr. POULIOT: That will be distinct?

Mr. LAPOINTE (Quebec East): Absolutely.

Section agreed to.

Section 55 agreed to.

On section 56—If certified incorrigible, may be transferred to penitentiary.

Mr. MacNICOL: I would be inclined to oppose the transfer of a juvenile offender from a reformatory to a penitentiary. In the old country prisoners similar to those described in this section are not transferred to the regular penitentiaries, they are transferred to a juvenile penitentiary or to a penitentiary where first offenders are kept. It would seem to me to be a backward step to transfer a juvenile offender from a reformatory to a regular penitentiary where he would be mixed up with all sorts of prisoners. After all, the boy or girl who is found to be incorrigible may be that way because of years of the most shocking and impossible home conditions. I visited a penitentiary in Scotland to which this type of offender is sent, and I found that immediately they set out to reverse the whole training of the incorrigible person. They made an effort to bring back respect for society which he might not have had at home or in the reformatory to which he had been sent. I think there ought to be some stipulation as to the type of penitentiary to which these offenders would be sent.

Mr. LAPOINTE (Quebec East): There is much in what my hon. friend has said. However, I should not like to make any change in the law until the whole matter has been considered fully by the commission to be appointed. I can assure my hon. friend that his remarks will be submitted to the commission and full consideration given thereto.

Mr. LAWSON: In case it should lend any weight to the representations made by the hon. member for Davenport (Mr. MacNicol) when they are being considered by the new commission, I suggest that consideration should be given to transferring these young or first offenders to a preferred class penitentiary, if they are to be transferred from a reformatory. On more than one occasion it has been my privilege to visit the preferred class penitentiary at Collin's Bay, and I was greatly impressed with the effort being made there for the reformation of these offenders. I was impressed with the advantageous conditions that prevail at that penitentiary compared with Kingston penitentiary.

Mr. LAPOINTE (Quebec East): The whole question of the young offender will have to be fully considered. Still greater attention is being given to this problem in the old country. There is being presented at the present session of parliament in Great Britain a bill known as the criminal justice bill, which deals with young offenders in a special way. They have what are known as remand centres to which young people awaiting trial are sent instead of being sent to the regular gaol and thus having a blot placed upon their character. Of course, such a system would be a tremendous change from what we have in this country, but there is no doubt that great care should be taken in dealing with this phase of the matter. Young boys and girls should not be led to a life of crime because of the surroundings under which they are forced to live, or because of what may be only mistakes on their part. I can assure my hon. friend that I am entirely in sympathy with him in trying to solve this question in the best possible way.

Mr. LAWSON: That brings up another thought. The remand centres referred to by the minister are fine things, but this function is admirably taken care of in the urban centres of Ontario by the Salvation Army. It may be that the new commission could

work out some plan whereby financial assistance could be given to the Salvation Army for the marvellous assistance they are giving in this regard.

Mr. LAPOINTE (Quebec East): The Salvation Army officers have proved useful in the suggestions they have made with regard to this question.

Mr. CHURCH: This section is the same as section 51 of the old act. I was in hopes that the minister would free the federal institutions of the care of juveniles, but apparently he proposes to adopt the old system under which it is possible to transfer a juvenile offender from a provincial to a federal institution. In connection with this we must not forget that New Brunswick and Nova Scotia have no system of provincial institutions, which means that the other provinces have to stand the cost of providing such institutions for those provinces.

The other night I referred to certain returns which had been made. The percentage of juvenile offenders in these institutions is seventy-five to eighty per cent, according to statistics to the end of September, 1937. This is a book of 248 pages issued by the Department of Justice, in which is contained information about inmates of that age. There is another return covering the provincial institutions, and yet another with respect to municipal institutions. In answer to my hon. friend who was speaking a few moments ago, it may be that the grand jury is not what it used to be in the old country; in some instances it may have been abolished. I will not here refer to the charge of Chief Justice Meredith. But I may say that I was in hopes, in view of this report, we should see an end to the incarceration of persons of that age in these institutions. The practice is condemned on page 178 of the report, where it refers to the fact that poverty brings them there, also defective family relationship—poverty resulting in overcrowding, semi-starvation, and the absence of facilities for recreation at home. These are some of the reasons why we should rid the federal institutions of this type of inmate:

> The causes of delinquency outside the home are mostly to be found in the character of the street and neighbourhood in which the child lives. They are composed of the influences that affect him beyond the circle of his family life; his companionships at school, or at work, or during his leisure hours. Such influences may be direct or indirect. The companions may be of the same age or adult companions.

Then the report goes on:

> Among the most important and direct causes of juvenile delinquency is the demoralization of the present day. The slackening of religious influences, the loosening of family ties, licentious pictures, publications, and magazines which glorify immorality or crime, are incitements to imitation by youths and juveniles.

The commission believes it is imperative that the authorities should go into these matters. It then deals with the functions of the juvenile courts.

Surely, if we are to make any progress in this particular reform, there should be some way of providing an institution like the Borstal system for this type of inmate. Instead of that, I venture to say that under the commission system it will be twenty or twenty-five years at the rate we are going before we instal the Borstal system. I believe that something should be done at once to provide a proper institution for persons of that particular age.

Section agreed to.

Sections 57 to 65 inclusive agreed to.

On section 66—Clothing. Food. Bedding. Separate confinement.

Mr. MacNICOL: Just a moment until we get a little explanation. Perhaps I might include sections 66 and 67, because they refer to the same thing, and are the old sections 61 and 62. I was hoping that the new measure, if it is going to specify conditions of work with reference to hard labour and hours and so forth, would follow the Borstal system, which we all hope is to be installed.

Mr. LAPOINTE (Quebec East): That will come later.

Mr. MacNICOL: Section 66 refers to clothes. I hope to goodness that the clothes for the male prisoners will not consist of a uniform of which the trousers will be one black leg and one white leg, or one yellow leg and one red leg.

Mr. SPENCE: Give them dress suits!

Mr. MacNICOL: That is not the plan they follow in the old country. Clothes in the prisons there are not, of course, the same as the rest of us wear or dress suits, but they are not so conspicuous that one can see them a mile away. I hope, since I see the minister nodding his head, it is the purpose of the commission to introduce into the operation of these two sections the same type of humane construction and human reform as is employed in the old country.

Mr. LAPOINTE (Quebec East): Yes, in a general way. I would not say that they will have trousers with one leg of one colour and the other leg of another colour.

Mr. MacNICOL: No. That is not the style in the old land. In the old country the clothes are practically all the same. When I spoke of one black leg and one white leg I was referring to the uniform in this country.

Mr. HARRIS: Perhaps the minister was replying to the suggestion of the hon. member for Parkdale (Mr. Spence), who suggested that they might have dress suits.

Mr. SPENCE: Why have prison clothes at all?

Mr. CHURCH: These men will probably have to work outside in severe winter weather. They should have proper overcoats, not the sort of scant clothing they have in some institutions when the weather is forty below zero as it is up north.

Section agreed to.

Sections 67 to 82 inclusive agreed to.

On section 83—Act repealed.

Mr. MacNICOL: May I ask one question before we get right to the end?

The CHAIRMAN: Section 83?

Mr. MacNICOL: Yes. This is practically the whole act. I was going to ask the minister if it is the intention to introduce some system of making allowances to prisoners for good conduct and for merit, as they do in the old country.

Mr. LAPOINTE (Quebec East): We have that already to some extent.

Mr. MacNICOL: I mean, payment of money.

Mr. LAPOINTE (Quebec East): Yes, even that. Of course it is not a big salary. But the commission will have full powers to increase it.

Miss MACPHAIL: Just before this passes: I am not in agreement with many of the sections which went through, but was silent, upon the understanding that when the commission is appointed such changes will be made in this act and in any others as are necessary to carry out the reforms recommended by the royal commission.

Section agreed to.

On section 84—Coming into force.

Mr. LAPOINTE (Quebec East): If my hon. friends will allow this clause to carry my good friend the hon. member for Hamilton West (Mr. Marsh) might make his remarks, unless he has questions to ask. If it is a speech, at nine o'clock this evening I will move the third reading so that my friend can make his remarks.

Mr. MARSH: I have some observations to make on the bill which will take a little while. I thank the minister for the opportunity to speak.

Mr. LAPOINTE (Quebec East): It will be best to do so on the third reading.

Section agreed to.

Bill reported.

Mr. LAPOINTE (Quebec East): If my hon. friend is here at nine o'clock, after we have disposed of the public bills I will move the third reading and he will have an opportunity to make his remarks.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

LORD'S DAY ACT

PENALTY FOR OFFICERS AND DIRECTORS PERMITTING VIOLATION OF THE ACT

Mr. H. E. BRUNELLE (Champlain) moved the third reading of Bill No. 7, to amend the Lord's Day Act.

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

CRIMINAL CODE

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

Mr. VITAL MALLETTE (Jacques-Cartier) moved the second reading of Bill No. 10, to amend the criminal code.

He said: Hon. members will no doubt remember that this same bill was introduced at the 1938 session by the hon. member for Laurier (Mr. Bertrand). They will also remember that an interesting discussion followed; that great interest was taken in that bill by the people of Canada; that newspapers referred to it upon numerous occasions, that a considerable amount of correspondence was directed to the members upon its merits; but that, alas, no vote was taken on it and the session was concluded without the House of Commons and the Senate having an opportunity of expressing their approval or otherwise of this important measure. This lack

of a decision last year renders it necessary that the bill be reintroduced this year, and its sponsor of 1938, having to go to England this winter, could not present the bill himself owing to the uncertainties of the day and hour when he could perform the task. Since I had strongly supported the bill last year, he asked me to take charge of it on this occasion, a request to which I readily acceded.

The arguments advanced last session in favour of this amendment to the criminal code are just as good this year. They have not been weakened in any way whatever. The hospitals and universities in Canada are still in need of funds. Without going into details, let me just remind hon. members that the usual campaigns in aid of charities were held last fall; the needs of these worthy institutions were just as great and pressing as previously, and there is no sign on the horizon indicating an improvement in that situation.

Just as I did in last year's debate, I wish to pay a tribute of deep admiration and gratitude to the thousands of generous people who have helped our universities and hospitals, doctors, nurses and others on hospital staffs, the staffs of the universities, and those great silent workers of the religious congregations whose self-forgetful devotion to their fellowmen and women is beyond description, beyond appreciation and beyond adequate recognition. In spite of the help generously extended by benefactors great and small, in spite of the support and cooperation given by the public, and in spite of the sacrifices cheerfully made by those noble souls in charge of such institutions, there is still a financial gap to bridge.

A plight of this sort is not, I assume, limited to Canada. It is not a purely local trouble. But even if other countries encounter the same difficulty, that does not improve conditions in Canada. While we are not conversant with the means taken by other countries to correct this unfortunate condition, we are aware that one country holds a public lottery called sweepstakes, for the benefit of its hospitals. That country is Eire, formerly known as the Irish Free State. We know also that tickets for these sweepstakes are sold in Canada, notwithstanding the prohibition contained in our criminal code against their sale. Let me ask whether or not we consider as criminals those of our friends and acquaintances who purchase such tickets. Of course not. I admit that some of the buyers of these tickets are possibly little interested in the hospitals themselves and buy the tickets as a sporting chance in the hope of winning something. Nevertheless the fact remains that they do buy these tickets, the prohibition notwithstanding, and therefore whatever money is risked in that way is lost to Canada and Canadian institutions. Should we not admire the wisdom and sagacity of those Irish gentlemen who understand human nature well enough to capitalize upon one of its little weaknesses and turn it to the advantage of charity—because that is precisely what happens through the operation of sweepstakes in aid of Irish hospitals. Those Irish gentlemen, with that keenness and kindness which are foremost among the many fine qualities of the Irish people, saw an opportunity of reaping benefits for the hospitals in that country in the hope of profit that lies dormant in the minds of most men and women who are prepared to take a chance. They saw that opportunity and cleverly took advantage of it. The response has been tremendous. Why should we not do the same for Canada? The answer is in the hands, or, rather, in the votes of the members of this house and the senate.

In case some hon. members are under the impression that sweepstake tickets are not sold in Canada, I quote for their information the heading of a news item that appeared in the Ottawa *Journal* of March 25, 1938, which reads:

64-year-old miller in Kenora wins $150,000.

Further down, referring to sweepstakes, the article itself says:

Buyers paid $13,730,010 for their chances to get rich quick.
Winners were paid a total of $8,057,600. That left a balance of $5,672,410.

I have here also an extract from *La Presse* of Montreal of August 16, 1938, giving a list of the winners of what they call the sole Canadian sweepstakes. They refer to the Dominion Rifle Association sweepstakes. People wonder why this sweepstake is allowed and others are not.

Again, I have here an article that appeared in *La Patrie* of October 23, 1938, which states:

Eight hundred Canadians have won consolation prizes in the Irish sweepstake.

There is a given list which is too long to insert in this speech, and anyway it has no bearing on my argument.

Without wishing to be personal, I believe that if I were to send a questionnaire to hon. members requesting information as to their investments of this kind for, say each year during the last ten years, the replies would be interesting provided the whole truth were told—and that from lawmakers, notwithstanding the law prohibiting the sale of such

tickets. However, I will not perpetrate such a cruelty. Why should a law which is not respected, which is not obeyed and which is not advantageous to the country, be kept on the statute books?

This bill provides that such sweepstakes be permitted only when organized by the government of a province by or under a law of the legislature of such province. Any provinces that do not want to permit such sweepstakes do not have to. Where a province desires to do so, the adoption of a bill will allow the legal holding of sweepstakes. The people of Quebec, I am sure, favour the present bill, and I hope that hon. members from other provinces will give their opinion due consideration inasmuch as the holding of sweepstakes would be optional. No province would be bound to hold them, and that in itself is a valid reason for the adoption of this bill, because it would permit the willing provinces to hold sweepstakes, while it would not compel unwilling provinces to act. Surely that is a fair interpretation of British fair play.

As an example, some twenty years ago a great wave of sentiment swept over most of north America in favour of prohibition, in the hope of achieving total abstinence from the use of alcoholic liquors. The leaders of the movement were undoubtedly sincere in their ambition, and if they had succeeded the world would be different from what it is today. But they counted without allowing for human nature, and every hon. member knows the results. At that time, when governments were falling over one another in the rush to adopt prohibitory legislation, there was one Canadian province which stood aloof, the province of Quebec, home of good, sound common sense. Its government knew that nowhere can men and women be made or kept good just by passing laws. The government of Quebec adopted at that time state control of the sale of alcoholic liquors, and that policy has since been copied everywhere in Canada and even beyond our frontiers. I cite this example, in case hon. members may think this demand to legalize the sale and purchase of sweepstake tickets might be as far as Quebec is concerned a mere whim.

I have a better proof here than just my own opinion. On April 20, 1934, a law was assented to in the Quebec legislature entitled "An act to authorize the organizing of a lottery for education and public charitable purposes." At the end it states:

> The power given to the lieutenant-governor in council by section 1 shall be exercised only if a lottery of the nature of that contemplated by this act is not prohibited by statute of the parliament of Canada.
>
> Moreover such power shall not be exercised if the parliament of Canada authorizes the Canadian government to organize a general lottery in the whole of Canada for purposes similar to those contemplated by the preceding provisions.

And those purposes were recited in clause 2, which reads:

> The proceeds from the lottery, after deducting the amounts fixed for the prizes and those required to pay the expenses of organization and of selling of tickets and other incidental expenses, as well as the salaries of the officers and employees appointed under section 3, must be employed exclusively for educational or public charitable purposes carried on in the province and designated by the lieutenant-governor in council.

I wish to add that one of the important political parties in Quebec, L'Action Libérale Nationale, has in its platform a clause approving sweepstakes for such purposes as I am now covering in this bill.

I have discussed the principle of this bill with that well known public character, the man on the street. In every case I have had an expression of approval, coupled with some surprise that the dominion government does not recognize the absurdity of prohibiting Canadians from holding their own lotteries and the consequent disappearance from Canada of the money risked by Canadians on such ventures. The average man wants to know why the sale of sweepstake tickets is prohibited, while stock exchanges are allowed to operate and sales on margin are tolerated. Mr. Average Canadian also wants to know why the sale of sweepstake tickets is prohibited, while grain exchanges are in operation where one can trade in grain on margin, and why gambling in mining shares is permitted and betting on race tracks is tolerated. Let us be logical—just logical, but let us be logical. The average Canadian citizen objects to being stamped as a criminal because he risks a few cents in the purchase of a sweepstake ticket, or even shares in the purchase of such a ticket with members of his family or his fellow workers, while anyone can speculate in the stock market, the grain market, the mining market or horse races. He feels that there is hypocrisy about a law of that kind; he buys sweepstake tickets year by year, thereby engaging in transactions prohibited by law, and the profit on those transactions is lost to Canada. Is it to be wondered at that Mr. Average Canadian thinks this prohibition of the sale of sweepstake tickets is foolish, especially when the profits might go to Canadian hospitals? I share his views.

Some hon. members may claim that there are many ways of helping these institutions besides holding sweepstakes. Surely there

are, I agree. Here is a small list of them: raffles, tombolas, dances, bridge parties, soupers d'habitant, soupers du bon vieux temps, strawberry festivals, door-to-door canvass, sales of work, bazaars, kermesses, theatricals, drawings, oyster suppers, pilgrimages, old boy's reunions, euchre parties, bingo. If hon. members want to know anything more about bingo I advise them to read one of the leading Ottawa papers, *Le Droit,* and every evening they will see on page 4 an invitation to go to Hull to attend bingo games for the help of a parish. I am not aware that that has been stopped. I was told around Montreal last Sunday that in some parishes they were told not to hold bingo games and bingo games were stopped. Instead of calling them bingo they called them jumbo, and the same thing goes on. In this list I have said nothing of imposts, levies, assessments, rates, taxes and other equally agreeable opportunities of raising money.

There is another element to be considered. Through the adoption of the present bill, by the sale of sweepstake tickets issued under the control of the provincial authorities, these authorities would be able to eliminate the racketeering which we suspect has been going on in the clandestine sale of tickets. We never knew positively whether the sums invested in the sale of sweepstake tickets all reached the management of the sweepstakes. Who could tell whether the tickets offered for sale, bought and sold, were genuine or forgeries? Should the law be amended in accordance with the present bill, the racketeers will not be able to compete with sellers duly authorized and doing business in the open. I have never heard of cut prices in the sale of such tickets, and tickets certainly cannot be adulterated as some other merchandise can be, such as Scotch whisky or other alcoholic liquors for instance.

Speaking of racketeers and racketeering, if hon. members will consult the Montreal papers of Thursday, February 9, 1939, they will read of a seizure of tickets having a face value of $750,000 for the Irish sweepstakes. Think of it, three quarters of a million dollars, 300,000 tickets!

I have received a good deal of fan mail in that connection, containing valuable information as well as divers suggestions. It would be too bad if these were lost to posterity. Among the contributors was L'Union Nationale des Vétérans, with head office at 4616 rue Christophe-Colomb, Montreal. They would like a lottery to be organized for granting bonuses to veterans under any arrangement fixed by the federal government. They do not object to the principle of lotteries, but would like a dominion law for that purpose. I have not the least objection.

I have also received a proposed plan for monthly sweepstakes in Canada for the benefit of public health services, the first draw to be in Nova Scotia, the second in Prince Edward Island, the third in New Brunswick, the fourth in Quebec, the fifth in Ontario, the sixth in Manitoba, the seventh in Saskatchewan, the eighth in Alberta, the ninth in British Columbia, the tenth in the Yukon, the eleventh in the Northwest Territories and the twelfth for the benefit of the sweepstakes operating costs. I am not going into the details, but I thought hon. members would be interested in knowing about that.

Then I have a letter from a gentleman in Penticton, British Columbia, strongly favouring sweepstakes. He very kindly sent me four newspaper clippings with his letter. I should like to quote these clippings, but will refrain from doing so because they do not indicate their source, and I remember that some weeks ago an hon. member quoted from a newspaper clipping in the afternoon and in the evening it was found that the quotation did not come from the newspaper to which it had been attributed.

In addition to these and many other letters, however, the *Financial Post* of Toronto was good enough to refer to this bill. Of course I have not the slightest objection to the *Financial Post* or any other newspaper referring to this matter; very much to the contrary. In its editorial columns of February 4 the *Post* carried its comment under the heading, "The Sweepstakes Mirage." Again, so far as the title goes, I have no objection, but I do object to the six words at the beginning of the second paragraph: "Apart from questions of public morals—"

If that does not beat the Dutch, the *Financial Post* talking about public morals because sweepstakes are a mild form of gambling! I ask hon. members what would be the circulation of that same publication if a large part of it were not consecrated to stock gambling. They call it "investing." Of course we must expect some lectures from Toronto on the morality of this matter, since this great city shelters a number of self-appointed keepers of the public morals.

I do not intend to mention every letter I have received, but there is one in particular

which deserves special mention. It comes from Fred Howlett, J.P., city clerk of Vancouver, addressed to myself, and reads:

I beg to notify you of the following resolution which was adopted by the city council on the 13th instant:

"That whereas, on the 24th day of January, 1939, in the House of Commons of Canada, the honourable member for the Jacques-Cartier of Montreal riding, Mr. Mallette, did introduce bill No. 10 entitled an act to amend the criminal code of Canada to legalize sweepstakes, to be organized by, and under the control of the legislature of a province of Canada and the net proceeds of such sweepstakes to be utilized and divided among hospitals and universities;

And whereas such bill did receive its first reading on the 24th day of January, 1939, in the House of Commons;

And whereas the legislative assembly of the province of British Columbia did, on December 9th, 1938, resolve on motion that the said assembly go on record as being in favour of sweepstakes conducted either by the dominion or any provincial government for the benefit of hospitals, which resolution did receive the unanimous approval of the legislative assembly;

And whereas the citizens of Vancouver did express themselves most forcibly when, on December 14th, 1932, by a vote of 25,735 in favour and 9,774 against, they showed themselves in favour of provincially controlled sweepstakes and the net proceeds thereof to be devoted to hospital purposes;

Therefore be it resolved that this council do reaffirm the expressed views of the people of the city of Vancouver and humbly petition parliament to so amend the criminal code of Canada to permit the operation of such sweepstakes for hospital purposes under provincial governmental or municipal control, and that a copy of this resolution be forwarded to all honourable members of the dominion cabinet, to all honourable members of the province of British Columbia, and to the Honourable Mr. Mallette, member of the House of Commons representing Jacques-Cartier riding."

Lotteries are nothing new. Hon. members wishing further information on this important matter are invited to read a book entitled "Lotteries," by H. M. Muller, which can be obtained at the parliamentary library, when I have returned it. At page 22 thereof they will find that lotteries have been organized: first, for facilitating the raising of state loans; second, for reducing the capital of, or interest on, the national debt; third, for raising money for projects not connected with the supply or debt services and, fourth, for raising money as revenue. In 1566-69 Queen Elizabeth authorized by royal proclamation a lottery for improving English harbours and "other publique good workes." The Virginia lotteries of 1612-15 and 1618-21, for financing the settlement of Virginia, were launched under letters patent. In 1661 the royal fishery lottery was authorized by a proclamation of Charles II, and in 1694 a lottery was authorized by act of parliament. On this continent Harvard college for a while raised approximately $15,000 a year by lottery and other institutions, such as Dartmouth and William and Mary, raised somewhat lesser amounts by the same device. A tablet placed on Stoughton Hall, at Harvard, states that it was built in 1805, aided by a state lottery.

I do not want to make too many references to newspapers, but I should like to quote something which appeared in *La Patrie* of February 12, signed by Mr. Louis Francoeur who, if I remember correctly, was a candidate of the reconstruction party in the last election:

Il est bien triste pour la province de Québec qu'elle soit soumise en cette matière au prohibitionnisme puritain. Et l'on continue de s'étonner que l'on fasse ainsi violence à l'opinion réfléchie de la province, exprimée de la façon la plus claire possible, par ses parlementaires.

I will translate this roughly as follows:

It is very sad for the province of Quebec to be submitted in this matter to puritan prohibitionism, and we continue to be surprised that no account is taken of the considered opinion of this province, expressed in the clearest possible manner by its parliamentarians.

I do not suppose anyone would say money was not needed for education. If there is any doubt about it, let me just remind hon. members that during the last few days we have been swamped with postcards, of which I have some thirty, reading as follows:

Dear Sir:

I am convinced of the vital importance of careful attention being given during the present session of parliament to the need for a national system of university scholarships.

Canadian youth is faced with demoralizing insecurity and it is imperative that the many brilliant matriculating students be permitted to cultivate their exceptional talents. This is important not only from a humanitarian viewpoint but in addition it is indispensable that their potential insights be utilized in the solution of our pressing Canadian problems.

There are few expenditures by our federal government which would be of more value to the whole nation than would be a scholarship grant. Please be assured of my sincere support.

In French we have this, from Montreal students:

(Translation)
Dear Sir,—

Convinced of the need of national scholarships, I beg you to give serious consideration to the matter during the present session.

The complete intellectual development of many gifted young Canadians is impeded by unsurmountable financial obstacles. Permanent scholarships would permit our brilliant young men to devote themselves more effectively to the progress of Canada.

In my opinion, the government could scarcely make a more profitable investment. You may count on my whole-hearted support.

Well, if this question comes before parliament we shall be faced with two things.

In the first place we shall hear that education is a matter for the provinces, which is true; and, second, we shall be asked where the money will come from, because I believe the amount that has been suggested is $500,000. Well, the money will come from the pockets of the ratepayers, as usual, but there is a painless way of getting it; that is through sweepstakes, and I am sure sweepstake tickets for such an end would sell readily. I am convinced that it would be better to keep the money here in Canada than to allow it to either fall into the hands of racketeers or to be exported for the benefit of similar institutions elsewhere.

I have not bothered much with figures; I have spoken simply with regard to the principle involved, because to me it is a question of principle, and I know that those members with whom I have discussed the matter, whether they have been for or against it, also consider it as a matter of principle. I do not know just how much money it will mean, though others have made studies along that line. We know very well that such tickets are sold in Canada by the bushel, year in and year out, and that the profits go out of the country. I have tried to explain my point of view, with moderation. I hope it will meet with the approval of at least a majority of hon. members.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I should like to congratulate the hon. member for Jacques-Cartier (Mr. Mallette) upon the very fine speech he has made, upon the material he has so efficiently presented, and upon the thoroughness with which he has made a good argument out of a bad job. I was wondering what kind of speech he would make if he had a subject like I have.

Mr. Speaker, the first argument I have against sweepstakes is the one offered by you, sir, when you open the house every afternoon at three o'clock. In the Lord's Prayer you offer this petition: "May Thy Kingdom come." I should like to see the member or the individual who would attempt to prove that the introduction of sweepstakes would bring about the Kingdom of Heaven. If we vote for sweepstakes, and at the same time maintain that petition in the Lord's Prayer, we are making of ourselves a bunch of hypocrites.

I am convinced, from information I have had through the press, and from different social organizations and branches of the churches, that Canada does not want sweepstakes. I should like to quote one or two editorials, and with that in mind I shall begin at home and quote the following from the Montreal *Gazette*:

> Contrary to universal opinion, the hospitals of Ireland are not in clover because of returns from sweepstakes, to which money is contributed from all quarters of the globe. The hospital authorities complain that there has been a great falling-off in voluntary subscriptions by charitable citizens ever since the sweepstakes were put in operation. Philanthropists are giving to other institutions, in the belief that the hospitals no longer need their aid. This is deplored, but even more deplorable is the new public attitude toward the hospitals. There is an increasing tendency to demand free treatment, or partially free treatment, on the ground that the sweepstakes, with their tremendous revenues, should be more than sufficient to finance the institutions charged with the care of the sick. Arguments to the contrary are scoffed at by patients and would-be patients and their friends.
>
> So serious is the situation that demands are being made for a thorough investigation of the sweepstakes business. An official report recently published in Dublin discloses that, out of more than £10,000,000 available for the Irish hospitals from the sweeps up to December 31, 1936, less than £3,000,000 had been paid out to them. This report also draws attention to the decline in voluntary subscriptions to the hospitals and the increasing tendency on the part of the people to demand treatment free of charge. The government is considering this report and no doubt will discover why the hospitals do not receive their fair share, or at least the amounts they are supposed to be awarded. In the sweep on the Grand National on March 25, last, for example, the total receipts were £2,746,002 of which £1,611,520 was prize money, the hospitals' share being £503,175. Where did the other big amount go? Did nearly half a million pounds go in expenses? This is the riddle the government is asked to solve in the interest of the hospitals, which the sweepstakes are supposed primarily to benefit.

The Montreal *Herald* contains this:

> Medical men of Dublin, Ireland, are attacking hospital sweepstakes, declaring that they have greatly injured the voluntary hospitals of the city.
>
> At the annual charter dinner of the Royal College of Surgeons in Ireland, prominent medical men and others attacked the system. They declared that the sweepstakes were started to help the hospitals, but the government had stepped in and was collecting a tax of twenty-five per cent of the funds, and diverting it to other causes. Out of this has sprung a demand for a municipal hospital, and the scrapping of some of the voluntary hospitals which have been useful for many years.

I have another editorial from a very fine paper. It may be somewhat Conservative, but sometimes there is a good deal of sense in its editorials. I refer to the Ottawa *Journal*. I do not know whether I have a right to ask that the editorial be put on *Hansard*, but I might point out that many articles are placed on *Hansard* which have not half the sense this one has.

Mr. SPEAKER: The hon. member cannot place it on *Hansard* without reading it.

Mr. McIVOR: I abide by the ruling of the chair, and shall quote only one or two paragraphs:

The Ottawa *Journal*, convinced that sweepstakes are an economic vice, would welcome official action that would make the publication of sweepstake winners illegal and close the mails to foreign papers carrying them. Whether the dominion government has power under the present law to enforce such a ban we do not know. Probably it would require an amendment to the criminal code which makes lotteries themselves illegal—with unimportant exceptions. Such a ban certainly would reduce the present illegal sale of lottery tickets, because it would end the display of examples of sudden wealth that lead the unthinking to consider the rare winner and forget the tens of thousands who pay and do not collect.

Then, there is this quotation in the editorial:

"Any state that legalizes lotteries will have a new source of income, but must also be prepared for these consequences:

It will gain a few thousands of dollars at a cost to its people of millions. It will increase its own relief problem. It will encourage new rackets and racketeers. It will not be able to frown upon other forms of gambling. It will do incalculable harm to the morals of its children and its adult irresponsibles. It will increase public disrespect for government."

I do not need to quote more editorials. Hon. members will recognize the sentiments expressed in them. I might quote from another distinguished paper, namely the *Times-Journal* of Fort William. The editor of that paper is noted for character and ability second to none in Canada. I might also quote from the Port Arthur paper, which of course comes second to that of Fort William. I am sorry the Minister of Transport (Mr. Howe) is not in the house. I might quote from the Belfast *News Letter*. In addition to editorials, we know that groups of people throughout Canada have been sending resolutions to members of the house asking us to oppose sweepstakes. Those people are not foolish. They are not people who are out simply to better their own interests. On the contrary they are Christian men and women who believe that sweepstakes would be injurious to Canada.

It has been shown that the hospitals in Dublin have not received very much benefit from sweepstakes, and it is my view that sweepstakes afford a very poor way of raising money for hospitals, universities or anything else.

The biggest business in Canada, namely the churches of this dominion, have more property, more buildings, more directors, more managers, more workers than any other business—and they are better paid. I do not say they are paid in cash, but they are paid in something that is far ahead of cash. Where is this money for the churches found? It is found in the cottages and the shacks stretched across Canada from Cape Breton to the Pacific coast, from the United States border to the far north. The influence of our churches reaches to every last corner in Canada. How is this money obtained? It is obtained by free-will offerings, by duplex envelopes, by weekly envelopes and other forms of contributions. I may be asked if I have ever been up against it, if I have ever been in need of money. Let me tell hon. members that there has been many a time when I was so straitened for money that I thought of writing to the Prime Minister (Mr. Mackenzie King) for a subscription. Then I thought perhaps I had just as much money as he. At least in the words of Ralph Connor, I had just as much money as I could properly take care of and spend.

To those who think we should raise money by sweepstakes, by lotteries and by raffles, let me say that anyone who tries to raise money by that method is slapping the face of the Great Giver who said to us, "Ask and ye shall receive." I should like to tell those who want to raise money for universities and hospitals how to do it. Many hon. members in this house came from the farm, as did I. I know how difficult it was sometimes to get water from the pump in the morning, especially if it was a cold morning. You had to prime the pump, or, as our hired man used to say, you had to soak the sucker. Let me give an example. I heard of a house-to-house canvasser who had been very successful in his work. He was asked to what he attributed his success, and he replied that it depended on the first six words he used when the door was opened. One of his opening remarks when a woman opened the door was, "Madam, is your mother in?" That is an example of priming the pump.

I call to mind that great university in Montreal, the buildings of which are still incomplete. Close by is another beautiful building, that put up by Brother André. I ask any hon. member from the province of Quebec: How did Brother André raise the money to pay for that place, to keep it in shape and to pay his staff?

Mr. WERMENLINGER: The provincial government had nothing to do with it, but the—

Mr. McIVOR: My hearing is not very good on my left side. I know how Brother André raised the money. He was able to raise the

necessary money because the people loved him, because he knew how to prime the pump. They gave money to him because he gave them something which they prized more than money. Why do you give money to the church to which you belong? You give because in your heart you feel that you would like to have a hand in changing some life, whether it was the life of one who is down and out or one who is up and out.

How did Doctor Grenfell raise the money for the magnificent buildings he put up in Labrador? How was he able to equip his hospitals and pay his nurses and doctors? He was able to do that because he knew how to prime the pump. He showed the world, and especially Canada, the wonderful work he was doing. What a disgrace it would have been if he had had to resort to sweepstakes to finance that work! How did Doctor Barnardo finance his great work? He would take a boy who was down and out, with no father, with no mother perhaps, no home—

Some hon. MEMBERS: Oh, oh.

An hon. MEMBER: Did he have a grandfather?

Mr. McIVOR: I was not there just then. Doctor Barnardo would take one of these boys and then show a picture of him when he started out, and another picture after he had been reclaimed. That was priming the pump. Barnardo homes are to be found all over England, and many of these boys have come out to Canada. I must admit that some of them made mistakes, just like other humans, but Doctor Barnardo did a great work.

How did General Booth raise the necessary money to keep the Salvation Army going? That was raised by voluntary subscriptions, by showing people men who were down and out, women who had gone to the devil. He showed the world the work of the Salvation Army, and he was able to get support all over the country. How do we get our money? I think of one man connected with our own church in the city of Toronto. He would make a fine minister of finance and he would carry out that work with the greatest dignity. He would know where every dollar came from, and where every dollar went to. That is a good characteristic for any minister of finance to have. That man is capable of handling large amounts of money. He knows where the need is, he sees what work must be done, and then he gets the money.

What do we need more than money? What do we need more than taxes? We need moral rearmament against the things that are spoiling us, with which we are all familiar. My time seems to be passing faster than usual to-night. I gave three reasons last year why I was opposed to this resolution and, like a youth, they seem to have grown since that time. A system of sweepstakes would be bad economics. The great concern of all sensible people to-day is the creation without violence of a sound economic order. The basis of such an order must be sought in wise planning, general productivity and a reasonable distribution of the goods produced. It is utterly impossible to build a sound economic order on anything which has the semblance of gambling. It kindles the adventurous spirit in men, it detaches them from their daily tasks and creates a fraternity of men who are not, in any real sense, of value economically. The late Ramsay MacDonald said that gambling is marked by an impatience with the slow process of legitimate accumulation and by a revolt against the discipline of steady growth and sustained action. Any one who wishes to understand must realize that when you spend $2.50 to buy a sweepstake ticket, you cannot hope to see anything come back. There may be a very, very slight hope, but it is 400,000 times deferred. Therefore, I say it is bad economics.

I should like to give the house just a word along this line from another source to show that it is bad economics. In France they tried sweepstakes for five years, and at the end of that time they withdrew them, for at least two reasons. One was that 3½ per cent only of the sweepstakes went to the purpose for which they were collected; 96½ per cent of the money raised by lottery went some other place. The French chamber of deputies saw that the boys and girls of France were being exploited; they were being used by racketeers. Therefore, they said, lotteries were not fair to the young people of France, and those lotteries, which at one time seemed to have a fine prospect of making good, have been withdrawn. Why are there not lotteries in the United States to-day? They have been withdrawn long since; the last one was in Louisiana in 1894. Why was it abolished? Because the odour of those sweepstakes became so obnoxious to the better people of the United States that they could be tolerated no longer.

I said last year that you do not find any Hebrews buying sweepstakes, because they know what good business is and what bad business is. You do not find many Scotchmen buying sweepstakes, because they see it is bad business.

Mr. REID: They sell them.

Mr. McIVOR: I know of some others who buy sweepstake tickets once in a while. I

do not say that we should not do so. That is not my business to-night. But it is a different thing when it becomes a matter of public policy. I know that a couple may sit down and have a game of cards. In fact, four may sit down and play, it may be at cribbage, or—

Some hon. MEMBERS: Pinochle.

Some hon. MEMBERS: Poker.

Mr. McIVOR: —a game of bridge, and it has no nip in it unless they play for a copper a point. Those men can do that if they like. If they think it is good business for them, they can do it. But when it becomes a matter of public policy, it is different; when a fifth man comes in and says, "Put up the poker bid and give me a percentage of it," it becomes a racket, and those four men who were playing had better get out.

I say to the hospitals that they have not any business, even from the economic point of view, to try to raise money by this means. I say also that it is bad morality. Some say that our churches are busy raising money in this way. I do not know what all the churches do, but I know what mine does. There is no gambling in connection with our church. We do not need it. If our ministers and clergy are on the job; if they, with the laymen behind them, are heart and soul interested in following the Man of Nazareth, they will get all the money they need. I should like to state the opinion of our general council in 1938:

> The general council reaffirmed its opposition to gambling in any form—"whether in stocks, wheat, at the race course, the card table, in connection with sport, lotteries or raffles," and especially deplored resort to gambling devices to secure funds for religious or benevolent purposes. It expressed the opinion that gambling carnivals sponsored by service clubs and other organizations have an injurious effect upon public morals and are especially harmful to the mind of youth.

That may not be popular doctrine. All sane people welcome a bit of fun. I like a bit of fun, and I like to see a good, clean game. Unless something important is in progress on Thursday night, I might go with some other hon. members to a fine game of hockey, because I believe that "all work and no play makes Jack a dull boy." You must have fun; but fun must be clean, it must be out in the open, and it must be in keeping with the plea that you, Mr. Speaker, put before this house every day.

Again, raising money by means of sweepstakes is bad morality. The tenth commandment says: "Thou shalt not covet," and I defy any man to buy a sweepstake, for $2.50 or $5 or $25, and not want to get the increase that comes from the other man's sweepstake. When I buy a ticket, do I want nothing but my $2.50 from the fund away out yonder or down in Montreal? I want the profit which comes from sales of sweepstake tickets all over the country; I am coveting the other man's share. "Thou shalt not covet." That is the law of God, the God who is over this parliament and the God whom we are going to abide by.

An hon. MEMBER: The hon. member wants all the money to go to Ireland.

Mr. McIVOR: I say it is bad politics. It is the worst kind of politics. In 1906 an act was passed in England prohibiting bookmaking, betting and wagering in the public streets. It was found to be bad politics in the United States. It is bad politics even in Ireland to-day, where they would be glad to be rid of their sweepstakes. And it will be bad politics in Canada. If this house should stoop to the standard of morality which is set up by leaders in some other places, and pass sweepstakes, when I go back to the constituency of Fort William I would have to bow my head in shame and say that, while the government of Canada has done many very fine things—notwithstanding some people's criticisms—I would be ashamed that they had approved sweepstakes, and I would not get many votes from a certain class of people—

An hon. MEMBER: You'd be surprised.

Mr. McIVOR: —when they found I was a party to the passing of a sweepstakes bill.

There are many other arguments which could be put forward, but in closing—and I have a minute left—let me say that the university of Montreal will not need this money. According to news reports, the legislature of Quebec will pass this session a three or four million dollar capital grant and an annual grant of $600,000 for the university of Montreal. Then why bother about a sweepstake? I say that it is a disrespect of any institution, an excuse to which none of us would care to stoop, to argue that one has to go to sweepstakes to raise money. I hope the government of Canada will never sink to the level of raising money by such means to provide for our war veterans, many of whom went overseas and risked their lives. I am convinced that the Minister of Pensions and National Health (Mr. Power) will say that assistance for the veterans is not to be obtained along these lines. I am sorry that it is now nine o'clock.

PENITENTIARIES

ESTABLISHMENT OF COMMISSION WITH POWERS OF ADMINISTRATION AND CONTROL

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the third reading of Bill No. 34, respecting penitentiaries.

Mr. J. A. MARSH (Hamilton West): Mr. Speaker, I rise to support this bill, with which I agree in general although I take exception to some of the clauses in it. The bill is at least broad enough to include many things, under the operation of the commission which will be the resultant creature from this bill, that are at least new to Canadian life.

Prison reform cannot take place in a day. A hundred years ago there were scores of offences for which a man could be hanged. That is not the case now. I think we have learned over a period of years to differentiate between several things; first of all, to differentiate between the anti-social mind and the criminal mind. We have learned to differentiate between punishment as a deterrent to crime and punishment as fitting the criminal to be punished. I would not say that Canada lags behind the rest of the world in penitentiary reform, for the reason that there has been evolved no right way to punish crime, no right way to deter a criminal, no right way to rehabilitate a criminal, no right way to prevent crime.

I would say, however, that we in Canada have been backward in making any effort toward solution, and I believe that this bill may be the means of our progressing as a nation towards penitentiary reform. Furthermore, I see no reason why Canada cannot lead the way. Up through the years governments have been hampered by well-meaning though uninformed, I will not say unintelligent, people. Unbridled sentimentalism born of pity, the stirring up of the emotions, the heart speaking loudly and the brain and mind not at all, have created plenty of mischief in the way of penitentiary reform.

There must be no mollycoddling of prisoners, and any action we take must not of necessity be from the sympathetic point of view but must be from the point of view of common sense. The real case against the prison system is that it is not effective. It is unproductive of results rather than necessarily too humane. Until recent years the penitentiary systems at large in Canada were, I believe, cruel. I do not think any member of this house or any Canadian would care to see us go back to the nineteenth century, when the deterrence of crime occupied such a large place in the minds of people, when very, very cruel and long sentences were imposed. Therefore it is quite natural to expect that research along the improvement of penitentiary control should be logically along humane lines. But our penitentiary system stands or falls, is a success or a failure, according to its effectiveness. The only rational alternative is a prison system that is directed towards making those who go to prison come out better men than when they went there, and with all our reforms we are still very far from that goal in Canada. But I would say that this bill may be the basis of broad treatment toward success.

There are to be appointed three commissioners and perhaps three deputy commissioners, the commission having power to add to their number; and if the commission fails to make a study, first, of crime prevention and, second, of the rehabilitation of the prisoner, with a reasonable amount of aftercare, then it will not have achieved the end that is possible. Such changes as will make our prisons real centres for the training of the law-breaker in social responsibility constitute the need.

The bill provides for the establishment of a commission to control the penitentiaries. I submit that their duties under this legislation can very well be widened to take care of those two phases of crime that I have mentioned. As regards crime prevention, they might act perhaps through the family court, the juvenile court; and the rehabilitation of prisoners should start first of all within the walls of the penitentiary and then outside.

I was surprised to learn, though I need not have been, that the family court, that timely and valuable innovation in Canadian law and justice, had its beginning in the city of Ottawa right within a stone's throw of this chamber—and when I say a stone's throw I am visualizing a throw by Babe Ruth rather than a throw by the hon. member for Hamilton West, because I could not throw so far. I have said that Canada can lead the world in penitentiary reform, and in view of the fact that the family court started in Ontario I think I can reiterate that statement.

A few days ago when this bill was in the resolution stage the hon. member for Renfrew South (Mr. McCann) made an observation, quoting from the report of the royal commission from which this bill has been evolved. He stated that 188 prisoners, repeating criminals, recidivists, in Canada had cost the dominion $4,500,000 or $25,000 per criminal. I suggested that, in view of this, crime prevention has a real place in the activities of this commission, and that $4,500,000 would go a

long way toward such. It would be a case of a stitch in time saving nine, to quote an old, hackneyed truism.

In reading the report from Judge McKinley, who I believe is the founder of the family court—

Mr. LAPOINTE (Quebec East): Hear, hear.

Mr. MARSH: —I find that eighty per cent of all those found in penitentiaries come from broken homes where there has been more or less trouble between man and wife, homes where there has been friction, homes where there has been separation or divorce. I suggest, therefore, that the family court, going in as it does with its helping hand, within the four walls of the home, has a great contribution to make to Canadian life in the prevention of crime. Any program of crime prevention should take into account the evidence that most criminals show of definite tendencies of antisocial behaviour early in childhood, and while it cannot be definitely concluded that any one type of crime prevention is necessarily superior to any other, I would commend that steps be taken by the commission to study the problem of youth education and crime.

I would be derelict in my duty if I did not point out the responsibility that we as parents have in the home training of our children. We have listened to a fine sermon from the hon. member for Fort William (Mr. McIvor)—

Mr. McIVOR: I rise to a point of order. The hon. member misinterpreted what I said; it was not a sermon. But a good sermon is always better than an address.

Mr. MARSH: I had no other intention than to pay the hon. gentleman a sincere compliment.

Mr. McIVOR: Thank you.

Mr. MARSH: I was going to say that the hon. member will not disturb me at any time if he quotes from the good book. The responsibility of parents in the home is a real thing in Canadian life to-day, and we as parents are not living up to that responsibility. It has been said from platform and pulpit—and I was guilty of saying the same thing myself not many weeks ago—that the church has failed. I did not mean to say that the church has failed, but we as church members have failed to live up to our obligations to the church. Our municipalities have been quickened in the last two decades in their responsibility towards the youth of our cities. They have opened recreation places and playgrounds; they have built beautiful parks in order that our children may be taken off the streets.

The churches on the other hand have fully lived up to their responsibilities. The church has socialized itself to meet physical as well as spiritual need. It has taken the boys and girls off the streets and put them in church gymnasiums where they have opportunities to play basketball, badminton and other worth while games good for body and mind. But we as parents have neglected the training of children in the homes; we have neglected the family altar and have not lived up to the heritage which is ours, the opportunity to teach the youngsters how to live, to get along with their neighbours and to take a place in life. In that connection I should like to quote from the annual report upon prisons and reformatories, 1936, over the signature of the Hon. Harry Nixon. In that report it is stated:

> It is quite evident that many parents are not successfully training their children and the many organizations engaged in working among and assisting the youth of the province have not been entirely able to counterbalance the evident deficiency in home training.

With that idea in mind I should like to draw a comparison in respect to crime between times of affluence and times of depression. It has been said that crime increases in times of distress, that depressions create crime. On that I should like to give a few figures. In 1930 there were in Ontario 3,366,000 people. The number committed for trial in that year was 29,126. There were 21,421 persons sentenced to prison. That was in a year of great prosperity, when everyone had money, when conditions were easier, when it was easy to make a living. In the depression years of 1931, 1932, 1933, 1934, we find the population of Ontario increasing, but the number of persons committed for trial dropped steadily and those sentenced to prison became fewer and fewer. The following are the figures for persons sentenced to prison for those years:

1931	18,127
1932	15,804
1933	14,538
1934	13,509

Meanwhile the population of Ontario increased and business became worse. So it is not true to say that crime is less in times of prosperity and increases in times of distress. But despite the fact that fewer young men and young women, as well as older men and women, were working; despite the fact that our service clubs, churches, municipalities were doing everything in their power to take boys and girls off the streets, the home did not keep pace. The sanctity of the home must find a real place in the life of our nation.

I point out that modern city life intensifies opportunities for friction and crime. It increases the need for regulatory laws as well as opportunities for their evasion. Not only do these things make for increased lawlessness, but the irritation they cause also tends to reduce respect for law, which many still attribute to some mysterious ethical organ in the soul of man, but which in fact is the result of complex conditioning factors. City life tends to sharpen and dramatize economic inequalities. Side by side with the luxuries displayed in shop windows, crowded slum dwellings make wholesome life exceedingly hard to maintain, children seek the streets, gang life is stimulated. The rewards of urban criminality are very much greater than they were when you, sir, and I were boys. There is ten times the temptation for youth to-day than there was in our boyhood. Not for a moment would I criticize our merchants for their manner of displaying merchandise, or say that they should change it, but I instance the counter of the five, ten and fifteen cent stores where merchandise is displayed attractively to excite longings in the minds of boys and girls. It is really wonderful to me that our boys and girls are as honest as they are.

Let me now say a word or two about the rehabilitation of criminals. If rehabilitation and aftercare are not undertaken, the majority of imprisoned offenders will again find their way back to prison. From an economic standpoint it would be cheaper to keep habitual criminals in prison than to let them out to break the law again, be brought again before the bar of justice, be prosecuted and defended by lawyers at the cost of the taxpayer. Nevertheless we cannot sentence a man to life imprisonment for an offence not calling for that sentence. It is cheaper still to cure criminals, if it is possible to do so. If methods of prevention fail, treatment in prison should be directed towards correcting the anti-social or criminal viewpoint. I have not quite made up my mind whether men and women are more susceptible to heart appeals than to appeals to the pocketbook; but whether we regard this matter from the point of view of humanity and justice or the materialistic viewpoint of dollars and cents, we must come to the same conclusion, that care must be given to the rehabilitation of the ex-criminal.

I think it is natural for all of us, as the hon. leader of the opposition (Mr. Manion) brought out quite clearly this afternoon, to be more concerned about finding jobs for the lawkeeper than the lawbreaker. That is human nature, and we shall probably continue to feel that way; but I submit—and here I hark back to the holy book—that this was exactly the point of view of the elder brother of the prodigal son, and it was not the right point of view. Strongly as we feel that we must work for the young fellow who observes the law, we must not be oblivious to the need for rehabilitation of the criminal from the viewpoint either of the pocketbook or of the man himself. The graduate from a penitentiary finds it doubly hard to get employment for the following reasons: First, he has been out of touch with world events and the progress of society, so that sooner or later he will disclose the fact that he has been absent from society for a prolonged period. Second, he has become accustomed to irresponsibility, has been told what to do, has been fed, clothed, relieved of the responsibilities of life, and therefore he is not fit to take his place in an employment line-up and get himself a job. Third, sooner or later it becomes known that he is an ex-convict. Even if his employer is willing to keep him, other employees probably go to the employer and say, "We will not work with that man;" consequently he loses his job. Here a process of education of the man on the street must be followed. Canadians must be made to realize that not only should they help in restoring that man to civil life, but if they do not, they as Canadian taxpayers are paying to keep that man in an institution. Fourth, competition is too keen in the labour market for anybody but a skilled tradesman to get employment. It may so happen that within the penitentiary walls a convict has been trained to take his place with the best of artisans, but in the main he is less well fitted to take a job. Fifth, ex-convicts have insufficient resources to keep them over the long period which is often necessary before they can secure work. Sixth, ex-convicts cannot afford to be homeless, because if they are picked up by the police for vagrancy their record stands against them. Further, the public generally will not accept them into society.

What does after-care consist of? As soon as a man has been convicted and before he is sentenced, his case should be looked into by the representative of the commission for that district, who has followed the trial, so that knowledge of the cause of his criminal action may be of aid to the judge in passing sentence. At any rate the data thus obtained should be available to the penitentiary warden, for three reasons: One, it will help the warden to determine the trade for which the prisoner is fitted; two, it will aid the warden in deter-

mining the type and amount of discipline that he needs to fit him for civil life again, and the means whereby his anti-social tendencies may be corrected. Then, of course, his mental and physical condition should be reported upon. Based upon this data, the prison authorities should plan that man's path back into society; the start should be made within the penitentiary walls and continued through an agency or a person appointed by the commission. The cost of after-care is less than the cost of the repeating criminal, the recidivist, and there will be no further cost from the criminal activities of the man who becomes rehabilitated. He will become a producer, a contributor to society, instead of a non-producer and a liability.

I should like now to say a word about the parole system and the system of remission. I think the remission board definitely and entirely should be under the direction of the penitentiary commission. I do not think there is any room whatever for dual control in that regard, and I do believe the parole system and the indeterminate sentence, as practised in Ontario, should receive the attention of the dominion government and of this commission. In Ontario ninety per cent of those paroled successfully completed their parole and were absorbed into private life without further offending the law. I would also direct the minister's attention to the fact that in Ontario two prisons have been closed, largely as a result of the parole system and the indeterminate sentence. In Ontario a man cannot be released on parole unless he has a job awaiting him. How long does he keep that job? Well, recently a check was made of those paroled within the previous eighteen months, and ninety per cent of them were found still working at their jobs. That is accounted for by the fact that the relatives and friends of that man do their best to rehabilitate him into civil life. He comes out of prison with a job to go to, and it is the particular care of these people that he be kept at work. They play big brother to him; they open up avenues that otherwise would be closed to him, and I suggest that we might well take advantage of this agency.

In that connection I should like to quote from the report on the prisons and reformatories of Ontario which I hold in my hand, over the signature of the Hon. Harry Nixon, provincial secretary. According to this report, in 1935-36 the parole board held forty-five meetings, investigated 2,339 cases and authorized parole in 1,421 cases. There were 1,067 paroles put into effect; eleven prisoners were recommended for deportation; twenty-four disappeared while on parole; seventy committed crimes while on parole and were reconvicted, while seventeen were returned to reformatory, their paroles cancelled. So it will be seen that in almost 1,200 cases paroles were granted, and only 111 failed to make good. Of those 111, some seventy were reconvicted of crimes and returned to gaol, so they were not turned loose upon society to commit further crimes. This report goes on to make this comment:

> Many of these prisoners paroled are heads of families, and too often with the breadwinner in custody the family must be dependent on charity or public relief. By the one process of granting parole the family is likely to become self-supporting and the province is saved the cost of maintaining the prisoner in the institution.

I have investigated many of these parole cases and have found that in some instances years after the man has served his sentence, years after he has been reinstated in private life, he has returned to his parole officer for advice, guidance and counsel, which speaks well for the personal element, the humanitarian element that enters into this problem.

I should like to say a word also with regard to the parole and probation system as it is operated in Hamilton under Magistrate Harry Burbidge, who has made a special study of this question and has been signally successful. The parole and probation system has worked out very well, probably because in some degree Magistrate Burbidge punishes those who break parole.

We must not, of course, lose sight of the fact that we have in our penitentiaries incurables who are a menace to society, who must be watched closely after they have served their sentences. There are also those who should suffer lifelong incarceration, but that does not excuse us from paying attention to those who may be rehabilitated. It must be borne in mind that 188 recidivists cost this country $4,500,000, or $25,000 each, so from the viewpoint of economy as well as the viewpoint of common sense and humanitarianism we must pay attention to the rehabilitation of the criminal.

To sum up very briefly what I have said, Mr. Speaker, in the first place the penitentiaries commission to be created under this act should include among its duties: first, penitentiary reform based on constructive rather than sympathetic grounds; second, the study of the family court, of juvenile delinquency and crime prevention; third, the rehabilitation of the criminal, including probation and parole along national lines; fourth, more intelligent study and treatment of

chronic alcoholics. I would ask the minister and hon. members this: When a chronic alcoholic offends against the law, what do we do with him? We put him either in gaol or in an insane asylum. That is not right. He is not a criminal; he is anti-social, and some special provision should be made for his case. I am speaking, of course, of the apparently incurable alcoholic.

Finally, Mr. Speaker, we should have the absolute removal of penitentiaries administration from party patronage and politics. This afternoon the minister assured us that this was to become a reality. In conclusion, if crime prevention and rehabilitation of the criminal are not undertaken by this commission, what body is there capable of undertaking that work or empowered to do it?

Mr. VINCENT DUPUIS (Chambly-Rouville): I just wanted to add my humble contribution to the discussion on this bill. What I am most interested in is the treatment accorded the officers and employees of the penitentiaries in Canada. That does not mean, of course, that I am not interested in the welfare of the prisoners, because after all they are human beings who have had the misfortune to commit what we call crimes. I am one of those who believe that in the treatment of prisoners we should apply the laws of psychology. I sincerely believe that in these days, when there are wonderful developments of science, there should be a way of bringing these citizens back on the right path, by the application of the law of psychology. I have witnessed the cure of the bad habits of children when, while they have been sleeping, right thoughts have been introduced to their minds, and that procedure has had the effect of correcting wrong habits which, according to common knowledge, had followed them from birth.

I believe the same laws should apply to prisoners. While I am expressing my views with respect to the treatment of criminals and the possibility of bringing them back to civil life, I take occasion to congratulate the hon. member for Hamilton West (Mr. Marsh) upon his well prepared observations. I am deeply interested in the treatment accorded officers and guards of the penitentiaries. I find at page 353 of the report of the commission a recommendation that the pay of officers be brought up to a reasonable level, having regard to the type of service performed. We find that section 11 of the bill states that:

> The commission may appoint such guards, trade instructors and other subordinate officers, employees and servants as are necessary for the service of any of the penitentiaries.

[Mr. Marsh.]

Subsection 2 is in these words:

> The guards, trade instructors and other officers, employees and servants so appointed shall be paid such salaries as are approved by the governor in council.

I am pleased to see that provision in the measure. It does not imply that the guards and other officers were ill-treated, but I am under the impression that some improvement will be highly appreciated. Nevertheless I do not see anything in the recommendations with respect to the hours of labour of guards. If my information is correct, the guards are on continuous duty for twelve consecutive hours. I do not believe that a guard who performs such strenuous and tiresome work, and who must shoulder the responsibilities they have to carry, should be bound to work that length of time consecutively. I believe the recommendation of the international labour office with respect to the eight-hour day should be in force in penitentiaries as it is in other fields of activity.

I am sure the body which will be responsible for the administration of penitentiaries in Canada will attempt to improve the situation of officers and guards in the same way as they are going to improve their wages. I am satisfied that this action will be taken when, under this measure, the commission is appointed.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I do not wish on the third reading to detain the house for more than a few minutes. What I have to say, however, arises out of what was said this afternoon with regard to inspection. About ten years ago I placed a bill before the house, and on this occasion I should like to read from page 2760 of *Hansard* for 1930. On that occasion I quoted Chief Justice Meredith regarding the necessity of public inspection of these institutions. At the Toronto assizes, in reference to the bill then before the house, the chief justice said:

> Such inspection is in accord with that great principle in the administration of justice which for centuries has been applied and was confirmed by Magna Carta, namely, that the people shall have a large share in the administration of justice in criminal cases.
>
> Whether penitentiaries are well or ill managed they are managed altogether by crown officers; and the management of them is a thing of much importance in the administration of the criminal laws, so much that assuredly the people should be entitled to some means of learning for themselves what the crown officials are doing and how it is being done.
>
> The grand jury, representing the people of the judicial district, can most conveniently, and at no cost, perform for the people the duty of visitation.

Right after those views were expressed, the chief justice stated:

In Hamilton, two sane men for several years were in the asylum and in one case in York county girls were found without food and shelter, in a dungeon below ground, this being a punishment for some minor offence.

These are the views which show the necessity for the grand jury to visit institutions.

Under the bill the governor general, the lieutenant governor of any province, judges, members of the House of Commons and some others are named as visitors. But that type of visitation is merely nominal, and is performed in very few instances. The suggestion of the chief justice did not involve any expense. The assizes grand jury for the county of Frontenac, sitting in the city close to which Kingston penitentiary stands, could visit that institution twice a year. I hope the minister and the commission will consider an amendment to be brought down at the next session. No doubt he has made up his mind to pass the bill, and I do not wish to detain its passage for more than two or three minutes longer. On the contrary I wish him success in his venture, because I realize the administration of his duties are a heavy burden upon him.

On April 4, 1935, the same matter was discussed in the house. These questions were asked by me:

1. The number of juveniles under eighteen now detained in the penitentiaries of Canada, where, and how many sixteen or under, seventeen, eighteen and nineteen years of age?

2. Whether it is the intention of the government to give effect to the recommendations for years of grand juries and public bodies to provide separate institutions for these cases; if not, why?

3. Whether it is the intention of the government to so readjust the rules of these institutions so that juveniles and first offenders will have preferential rules and also a better classification consideration to those of repeaters?

4. Whether it is the intention of the government in the recess of parliament to appoint a royal commission or committee of the house to go into the whole question of prison reform in Canada as suggested in the debates in *Hansard*, 1922; if not, why not?

Following that return no action was taken by the government, but it showed that there were sixty-four prisoners of sixteen, seventeen and eighteen years.

I have referred to what Lord Chief Justice Hewart said in his book entitled, The New Despotism, with respect to the powers to make rules and regulations. He said that, if imposed, many of the rules and regulations of this commission would have the force of statutes, and that they often go beyond the powers of parliament, and certainly beyond the powers of the officials or members of the commission. He states as follows:

But, vital as the independence of judges has always been, there never was a time when it was more manifestly important than in these later days, when the effect of so much that the executive does or permits is to render it difficult for the courts to maintain the rights of the individual.

Then he goes on to condemn these acts which give the governor in council power to make these regulations. After all is said and done, they must have men in these institutions as officials. One cannot expect a teacher to be able to teach unless he is properly trained. One cannot expect a man to run an engine without having the proper training. I know of no work that can be done without the necessary training. They say they are going to have a training school. These men will be trained for a few months, but their real training will be from experience, as the hon. member for Grey-Bruce (Miss Macphail) has said.

The Conservative party are the authors of prison reform in Ontario. We see the reforms instituted by Sir James Whitney and Hon. W. J. Hanna at Guelph, Mimico and on Yonge street, north of Toronto. They were the first administration in Canada which tried to do something along these lines. The hon. member for Hamilton West (Mr. Marsh) has referred to the Borstal system. I believe if that system were put into force, it would do a tremendous amount of good. We are handicapped in Canada because of dominion, provincial and municipal jurisdiction, which they do not have in Great Britain. Ten years ago a petition was forwarded asking for the establishment of the Borstal system in Canada. This was supported by the following:

The Primate, Church of England in Canada.
The Moderator of the United Church of Canada.
The General Assembly of the Presbyterian Church in Canada.
The Salvation Army in Canada.
The Church Army in Canada (Anglican).
The director of Catholic charities.
The Catholic Big Brothers.
The Protestant Big Brothers.
The Jewish Big Brothers.
The Catholic Big Sisters.
The Protestant Big Sisters.
The Jewish Big Sisters.
Judge H. S. Mott, juvenile court, Toronto.
Four judges of the county of York.
The magistrates of the city of Toronto.
The crown attorneys of the city of Toronto.

Then, in a speech from the throne a few years ago under the present government, I find the following:

My government has under consideration the adoption, throughout the penitentiaries of Canada, of a system similar to that which is known in England as the Borstal system and is making investigations as to its operations.

That was many years ago, but nothing was done. We have heard of the hardships being faced by our youth. Practically every hon. member has seen these young people travelling round the country because they can find no work to do at home. They sometimes get into difficulties because their pride will not permit them to sit idle at home, and sometimes because support for the whole family has come from a relief agency and it has been wholly inadequate to feed the younger children properly. Evidence has been conclusive that these people are not of the hobo or criminal type. This is what I said ten years ago on prison reform here:

What is happening to these unfortunate youths is most distressing. Accustomed to decent standards of living these people go for days without taking off their clothes to sleep at nights. Through this manner of living they become dirty and unkempt. In winter they suffer from exposure and hardship.

They do not wear dress suits, as the hon. member for Parkdale (Mr. Spence) suggested this afternoon. I continue:

A number of wandering families, unattached men and women and boys and girls vastly exceeds those of former years, and the make-up of these groups has changed radically.

The traditional single transient in earlier years was the seasonal labourer, the knight of the road, and the occasional runaway boy or adventurous youth. To-day young men and boys who would normally be at work or in school predominate in this migratory army. Men and boys swarm on every freight train in such numbers that the railway police are helpless to keep them off.

I hope the minister will consider these suggestions.

In conclusion, I should like to refer to what has been said by the hon. member for Hamilton West. I should like to read a letter written by the Rector of the Anglican church at Sydenham, Ontario, because it states a concrete case. It reads:

In the arrest, trial and imprisonment of the two would-be robber brothers, Owen and Gordon McNeil, I feel it to be a profound sense of duty to protest strongly the judgment meted out to them.

It is only about three years ago that I saw these lads almost daily going to and from the public school, happy and care-free. On Sunday afternoons they attended my Sunday school and my Sunday school superintendent with me taught the lesson and the divine principles upon which Christian character is founded. These two boys were always timid and shy, reserved, intellectually subnormal through no fault of their own.

For many years their father, a war veteran, was in Christie street hospital and is now in hospital in Quebec. Just over three years ago, I baptized both Owen and Gordon, and prepared them for confirmation. Of their mother I have no knowledge.

A cruel post-war world created the problem of these two lads. Personally I think they never will be criminals. It was when they departed from a Christian environment, thrust out into the world, hungry and cold, "riding the rods" to Vancouver and back in company with a criminal element, that some hereditary pressure overcame and led them into shame.

Concerning the trial of Gordon, counsel said: "These young lads present a serious problem." The magistrate replied: "All I can do is to impose sentence." Alas, here is Canadian justice lacking in mercy. What the crown requires is a Christian psychologist to support counsel in such cases; at least, that is my humble opinion.

The church council of social service, the Canadian legion and service clubs, should bring some pressure to correct the sentences imposed. These two boys should not be separated, but should in all fairness be shown mercy.

[Mr. Church.]

The minister, however, takes the responsibility in connection with this commission, and I wish him success.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, I think it would be too bad to let this bill pass without saying a word or two of praise for some of those who pioneered in introducing the prison reform question in this house. The hon. member for Grey-Bruce (Miss Macphail) gave a great deal of study to this question, and she did a great deal of travelling in order to investigate different institutions. She made her own investigations and presented her findings to the house. I believe the late Harry Anderson, a former editor of the Toronto *Globe*, rendered perhaps the greatest assistance outside the house in bringing about the results which we hope will accrue from the bill introduced by the minister. The Minister of Justice (Mr. Lapointe) has always been a staunch advocate of prison reform. I think the house should give credit to the three persons I have mentioned, as well as to others whom I have not mentioned but who have rendered assistance in this effort.

I only have a few observations to make. The greatest reform which should be the objective of any bill of this type is to keep people out of prison. But a bill, of course, cannot do that. Folks go to prison for several reasons. Perhaps the first main reason springs from the impossible homes that some children are ushered into. Those who give part of

their time to surveying what it is that misdirects children find frequently that some homes are simply impossible. Some parents themselves take no interest whatever in their children. I am not going to elaborate upon what can be done in that regard. Economic conditions are another reason why so many have to go to a place of detention. Perhaps another cause is lack of opportunity for sports. In the last few years a great advance in that regard has been made in Canada, but still too many hundreds and thousands of children are compelled to play on the streets instead of having some better place of recreation. There are many parks, but not sufficient. Perhaps more along that line might help to decrease the prison population. Those who have travelled in the old land know that all over that country there are great commons. One day I went to one outside London. I am sure there must have been fifty to seventy-five thousand young people, girls and boys, who had gone there over the holiday, taking their bicycles and tents, and were staying there a day or two. In Canada we have nothing of that kind. There is hardly any place for one to park outside the cities. If one takes his car outside Toronto and parks alongside some farm, he is frequently ordered away. There is no place where a man could slip over the fence and find accommodation such as is provided on the commons of England.

The second main objective should be to eliminate the repeater. I believe the minister has that object in view. Particularly do I believe that because of his being so strong for the Borstal system. I made a fairly exhaustive investigation into the operation of the Borstal system in the old country. I have in mind one prison where it was being operated. When I was there, three or four offenders came up to the gate. The man at the gate is not in uniform. One young lad came up with his head in the air and his hat on the back of his head, in a spirit of bravado. Another seemed to be dejected. But no matter what their demeanour was, the man inside the gate would at once start to treat them as though he were their father.

After they were a number of hours in the prison I was amazed at the fashion in which they were treated. They begin at once to teach them to "play the game," and all through their prison life they are taught not to let the prison down. If they come back again, of course, they let the prison down. In their sports the prisoners themselves put the younger lads through their paces. They drill them and train them. If one young lad is out of step or does not move lively or quickly, the prisoner who is training him tells him, "Now, don't let your squad down; stick up for your squad; you are competing against another squad." They are always reminding them not to let their fellows down, with the final purpose that they shall understand before they leave for the world again that they must not let their prison down. They are lined up in all sorts of teams and play, not only inside but outside the prison walls.

After they have been there for a while they are trusted and put upon their honour not to let the prison down. About seven miles from Wakefield is a three hundred acre farm. When a first offender is approaching the limit of his detention period, he is sent to that farm with others who are in a like position. There they are under supervision, mostly of other prisoners, with only a few guards. They are put on their honour to go to work away from the prison on this big farm, not even returning to the prison at night, and if they have proved that they are faithful to their prison and not likely to let it down, when their time comes they go away quite happily.

Another prison had a very large farm forty miles distant. Here again the supervision was mostly by other prisoners, with only a few guards in attendance. That is part of the Borstal system. They had gymnasia, and to my amazement the deputy warden himself was wrestling and boxing with a number of the prisoners. I saw no firearms anywhere, and no attempt to cow or submerge the prisoners. At all times they were being taught to try to recover their manhood and not to let down the institution from which they would before long return to society.

I have just one further word to say. In 1936 there were 8,462 male prisoners in the prisons of the old land. Of these 688 had been Borstal boys. That is a very small number out of the total, approximately 13,300, that had been trained in the Borstal prisons from the inception of the system in 1908 or thereabouts. It represents only about 5·1 per cent. The hon. member for Hamilton West (Mr. Marsh) referred to the good results we are getting in Ontario from the parole system, and mentioned that only about ten per cent had failed. Well, according to these figures, only 5·1 per cent of those whom the Borstal system has tried to rehabilitate have failed.

In conclusion, let me say that I have every confidence in the minister. As long as he holds his office I will support him as well as I can towards realizing the objective he has in view.

Mr. DENTON MASSEY (Greenwood): I do not purpose delaying the passage of this bill through its third reading, but as I did not delay it at all in its second or first reading perhaps I might be permitted just a word here.

We are told in the explanatory notes that the general object of this bill is to establish a commission with power under the Minister of Justice to control and manage the penitentiaries. That is a tall order. We fully realize that as a result of the conditions of the past ten years many are inhabiting our penal institutions who would never have been incarcerated but for the circumstances under which they have been compelled to live, very often through no fault of their own.

To control and manage a penitentiary is one thing, and to control and manage or attempt to have some part in managing the future lives of those who are the inmates of that penitentiary is another. So it evolves that the commission which will be set up under this bill has given to it a serious and grave responsibility. The bill of itself is not perfect. There are phases of it which some of us would like to see slightly altered. On the other hand, in the main it is good. The report of the royal commission to investigate our penal institutions is full of recommendations, many of which are good; and as I understand it from the minister, the new commission is to consider the report of the royal commission and govern itself upon the recommendations as it sees fit.

The report of the royal commission itself had its genesis many years ago, and society in Canada owes a debt of gratitude to the hon. member for Grey-Bruce (Miss Macphail) for her excellent work in making this report possible.

Those of us who, as a result of our vocations or even avocations outside this house, have dealt with youth for the past twenty years, realize that one of the most important phases in connection with our penal institutions is the way in which the young lad is let out. He may have the advantage of being placed in one of the better penitentiaries; but after all, when he leaves, he is still in the minds of many an outcast from society. He finds it extraordinarily difficult to become reestablished, and if it so happens that the crime for which he has been put in gaol was committed in a location far removed from his home, if he had one, he is sent back to that place from which he was committed to prison, and left to drift. As a result of the interest which many sterling men and women have taken in these young men, legion is the name of those who have been reclaimed for society. But in great part this has been, not because of the penitentiary in which they were placed but in spite of it. Therefore it seems to me that one of the most important jobs that this commission has to perform is to see to it not only that it controls and manages the penitentiaries, but that it makes sure that when the man is released there are agencies as far as possible to look after his future to the fullest and best end.

I shall watch with a great deal of interest the progress which this commission makes, because my interest in this whole matter is exceedingly keen. I sincerely hope, as does the whole of Canada, that the minister will exercise that rare judgment of his in the appointment of this commission and make sure beyond any possible doubt that there cannot be even any suspicion of a political tinge in the choice of those who become its members. If there is any matter in this dominion that cuts across party lines, it is the one that we are now considering; and I am fully confident, knowing the minister as I do, that he will make sure that the commission is not handicapped at the outset by the stigma of partisanship.

There is much that I should like to say at this point. I may associate myself fully with the remarks so ably made to-night by the hon. member for Hamilton West (Mr. Marsh), and, as I have said, I shall watch with much interest and expectation the progress of the commission.

Miss AGNES C. MACPHAIL (Grey-Bruce): I am sure the passage of this bill will please the minister, but before it carries I wish to say how much I appreciate the gracious words of the hon. member for Davenport (Mr. MacNicol) and the hon. member for Greenwood (Mr. Massey). It is a triumph for democracy that the hon. member for Davenport and I should find ourselves in agreement. I can remember that many years ago, when we were both new in this house, the respect and regard, and something close to affection, which we now feel for each other, were conspicuously lacking; but through the years it may be we have changed and now we have come to the place where we are saying identical things on this great social problem. I do appreciate his kindness in referring to me. The kindness of the hon. member for Greenwood is not so remarkable, since our friendship has been so well known from the beginning.

Mr. MASSEY: I think I should rise to a question of privilege.

Mr. POWER: It is a privilege.

Miss MACPHAIL: The Minister of Justice (Mr. Lapointe) has seen the struggle for reform of our penitentiaries from the time I

have been here, from 1921, and I am sure that it is a great satisfaction to him to be at the point of having the bill carried, setting up the commission. We know that this is not the end but the beginning, and that much, in fact everything, depends upon the commissioners and upon the assistance we can give them, as well as the guidance that will be accorded them, in thought at least, by the Minister of Justice.

I congratulate the Minister of Justice upon his persistence in following through the subject which has interested him for many years. He has had many trying times, and I am sure he will be happy to have a commission that will carry a part of the burden for him.

In agreeing to this bill we are just starting the commission on its way with our very best wishes for its success.

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

NATIONAL FILM BOARD

REVIEW OF GOVERNMENT FILM ACTIVITIES—INTERDEPARTMENTAL COMMITTEE TO CENTRALIZE DISTRIBUTION

Hon. W. D. EULER (Minister of Trade and Commerce) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to create a national film board empowered and directed to review and report on government film activities and to discharge such other duties as the governor in council may request; and to authorize the governor in council to appoint, and determine the salary of, a commissioner, to be the chief executive officer of the board. Also to provide for the appointment of an interdepartmental committee to centralize government film distribution.

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

Mr. GREEN: Will the minister explain how the board will fit in with the motion picture bureau? What type of films are produced by the bureau at the present time?

Mr. EULER: The purpose of the bill which is to be founded on this resolution is fairly, if briefly, described in the resolution itself, but I might add something to acquaint the committee with the purposes of the bill. Perhaps primarily the reason for the framing of the bill is the fact that the film has become a very important and powerful factor in the dissemination of information, the production of entertainment, and for publicity purposes generally and it is growing constantly. Various departments of the government—I need not mention them particularly, but at least five or six departments of the government—have had in the past their own film activities entirely independent of one another. It must be evident that the matter of films has advanced to the stage where it may be often in the national interest to prepare films which will serve national purposes as distinct from those of any individual department.

As I have stated, various departments have been preparing their own films—and this is not a criticism of any department—but the preparation of these films has been conducted in a more or less haphazard way, no one department cooperating with another, with the result that there has been a good deal of overlapping, consequent lack of economy, and also of efficiency. Believing that, the government feel that it would be a step in the right direction to coordinate the various film activities of the different departments by creating what is called in the bill a national film board, which shall have control of the film activities of the various departments of government, not entirely assuming their responsibilities, because each department will still have power to initiate its own films, but these films will be approved by the central board.

Mr. MacNICOL: Then where will the economy come in?

Mr. EULER: If my hon. friend will allow me to proceed for the moment, I think the fuller discussion of the bill itself will come in committee. While there is no definite intention on the part of the government at the moment to enter upon a broad development of national films, that I think should be borne in mind, because of the fact that, as I stated before, the film is in itself becoming such a powerful medium for the dissemination of information and publicity. In order to bring about coordination and provide against the overlapping of which I spoke, it is proposed to form a central organization which must give its approval to every proposal for film production on the part of any department. If it be found that any one department is going through exactly the same process of preparing a film as another department, that can be checked and corrected. I might say that in the past there have been instances where two departments have been proceeding in one province to take practically the same sort of films, with consequent overlapping.

Mr. LAWSON: Two dominion departments, or one dominion and one provincial?

Mr. EULER: Two dominion departments. The purpose then is to set up a national film board, to consist of eight members, two of whom will be members of the government, one of those being the Minister of Trade and Commerce, who will be the chairman. In addition to these, there will be three members drawn from the civil service and three members drawn from the citizens of Canada. I might say tentatively that possibly one might be from the press, one from the radio and one from the schools or colleges or other educational institutions. But that is merely by the way; that has not been definitely decided.

Mr. MANION: To act with or without pay?

Mr. EULER: None of these men will receive any pay. Their expenses of course will be provided for, such expenses as may be necessary for their travelling and any work they have to do, but they will not be in receipt of any salary or honorarium of any kind. There is also provision for an executive officer of the board, who is designated in the bill as a commissioner. He will be the only paid official. It will be his duty to act under the instruction or supervision of the board in its practical work of coordination and that sort of thing.

Mr. HARRIS: Is he to be a member of the board?

Mr. EULER: No.

Mr. HARRIS: Who, then, is the eighth member?

Mr. EULER: There are to be two members of the government, three from the civil service and three from outside.

Mr. HARRIS: Who is to be the second member of the government? The minister mentioned the Minister of Trade and Commerce as one; perhaps the Minister of Agriculture will be the other?

Mr. EULER: Well, that might be quite all right; they seem to work together pretty well. I did think my hon. friend was serious in his question, but I see he was not.

I have spoken then of the composition of the board, providing for a commissioner who will be the executive officer of the board. In addition, there will be an interdepartmental committee. It might not be necessary to include that in the bill, but it is thought well to give that committee an official standing. The members of that committee will be drawn from the departments which have film activities, the chairman to be the commissioner himself. Then, of course, we have the government film bureau which is operating under the Department of Trade and Commerce. I may say in passing that according to those who know, the film bureau which we have now, is as well equipped in its rather small way as any such plant in north America. It is, of course, the intention that the films which will be made for the government shall as far as possible be produced in the government film bureau now in the Department of Trade and Commerce. That, however, is not obligatory; it may be found that a department or a minister may wish to have a certain kind of film produced which could better be prepared by some private organization, and if he receives the approval of the film board that may be done.

I should perhaps add, because there seems to have been a certain amount of uneasiness in regard to this, that the bill does not provide in any way for supervision or control of private film organizations. The primary and really the only purpose of the bill is to provide for improvement and efficiency in the preparation of government films, whether prepared by the bureau or by outside film concerns.

The purpose is to provide also for efficiency in distribution. There is room for a great deal of improvement in the economic and efficient distribution of these films, both in Canada and more particularly abroad, where Canada is being advertised in so many ways.

I may add, in conclusion, that this board is not being established with the intention of providing jobs for anybody. There is really to be only one paid man in the organization.

Mr. HARRIS: How much will he be paid?

Mr. EULER: That is not set out in the bill. It is provided that the governor in council shall make the appointment.

Mr. MacNICOL: He might be taken out of the civil service.

Mr. EULER: He might, conceivably.

Mr. HARRIS: He is more likely to be taken out of the house.

Mr. EULER: That would be out of the service too.

Mr. LAPOINTE (Quebec East): Is the hon. member an applicant?

Mr. EULER: That has not been considered. But the only other paid official might be a clerk or a stenographer. It is not a board or organization that is going to require the expenditure of a great deal of public money. The purpose is simply to coordinate what we

are doing now, to make it more efficient, perhaps less expensive, and to see that the distribution of films is done to better advantage.

Mr. MANION: Will the minister promise that this board will not be built up into a large new department?

Mr. EULER: I will promise it as far as I am concerned.

Mr. MANION: It is a hard thing to stop once it starts.

Mr. GREEN: The minister has suggested that parliament should look to the future and be thinking of national films. As I read the reports of the Department of Trade and Commerce, the films that we are producing at the present time are used largely for promotion of trade and of our tourist business. I suggest to him that provision should be made now for making and distributing national films, designed to help Canadians in all parts of Canada to understand the ways of living and the problems of Canadians in other parts. Perhaps every hon. member must have been impressed by two facts: first, that it is difficult for Canadians in one part of Canada to understand what is going on in other parts of the country, and, second, that moving pictures are having a remarkable effect on the Canadian people, particularly on the children and young men and women.

I see by "Canada 1939," issued by the Department of Trade and Commerce, that the motion picture continues to be the most popular form of amusement in this dominion. Figures for 1937 show 1,047 motion picture theatres, with a total of 134,374,061 paid admissions. We all know how the children flock to the moving picture theatres on Saturdays and other holidays and, in fact, on every occasion; I would ask the minister whether there is not some chance of this national film board, some time within not the distant but the near future, making and distributing films showing Canadian life, and making arrangements with the moving picture theatres across Canada to show these pictures once they are made.

Mr. EULER: Perhaps I have not made myself quite as clear as I had hoped. One of the purposes we have in mind in establishing the film board is the very one mentioned by my hon. friend, the making of a national film along national or perhaps instructive lines, or even by way of amusement, if you like, but for the general cultural development of the children of this country. That, I think the committee would admit, is hardly possible while the film activities remain under the control of more than one department. Cast your mind now over the various departments of government which issue films. Is any one of them qualified, or is it the duty of any one department, to prepare, issue or distribute a film along national lines? I would say not, and that is one of the reasons for the establishment of this board, which not only can concern itself with reviewing and passing upon requests for films coming from the various departments but can of itself, as the funds become available—which of course must be voted by parliament—initiate films of the national character referred to by my hon. friends.

Mr. GREEN: Will it be possible to make arrangements with moving picture theatres to show these films once they are made?

Mr. EULER: Quite so; that is one of the things in which perhaps we have not been as efficient as we could have been. These films should have been distributed much more widely than has been the case in the past, and we think that by the creation of this board that purpose will be much better served than formerly.

Mr. GREEN: The theatres will use them?

Mr. EULER: I think that is quite probable.

Mr. PELLETIER: The minister stated a moment ago that there were various government departments at present engaged in making films of various kinds. I wonder if the creation of this board and the consolidation of this work will lead to the displacement of any considerable number of workers at present engaged in that line of activity?

Mr. EULER: I think not. As a matter of fact, if we concentrate the work in our own film bureau in the Department of Trade and Commerce, it will give employment to people there. In the past, for instance, if one department has had its films prepared by some private organization, that work will be transferred to our own bureau, so where work ceases in one place it will begin in another. I do not think there will be any net reduction in employment.

Mr. PELLETIER: Then I take it from the remarks of the minister that this will not affect any large number of jobs. My next question is, what cooperation, if any, will there be between this new board and the various extension departments of the universities throughout Canada? I understand many universities make films of this kind, and I should like to know if it is the intention that this film board will cooperate with those extension departments in order to prepare films on various subjects which might be to the general advantage of the people of Canada.

Mr. EULER: The primary purpose of the bill is to coordinate government activities. Beyond that certainly there will be plenty of scope for the board itself to cooperate with any other interest, whether it be a university, a theatre, or anyone concerned in the dissemination of information and general publicity for Canada. I am afraid I cannot go so far as to say that at the moment any definite arrangement is contemplated to cooperate with the universities. That is all in the future, but I think it is quite within the compass of the activities of the board and quite within the bounds of expectation as to what the board may accomplish.

Mr. PELLETIER: I am glad to hear the minister make that statement, and I believe this will fill a long felt want in the country. My last question is this: We now have a board controlling broadcasting and another controlling the marketing of our wheat. I should like to know if this new board will be responsible to parliament. Apparently the other boards are not responsible to parliament, and their work may be, if not criticized, at least discussed in this house at certain times. I think in connection with an educational matter of this kind we should have an opportunity of discussing these questions from time to time. For that reason I am wondering if this board will be responsible to this parliament.

Mr. EULER: Any work done by the board on its own initiative, for instance in preparing a national film, would necessitate the expenditure of money. That money must be voted by this parliament, and there is no reason in the world why all the activities of that board should not be discussed here. The board itself, of course, is responsible to the government; in fact, the government can veto anything it wishes. I think it quite sufficient to say that the board will be under the control of the government and consequently under the control of this parliament, as will be seen if the committee considers the make-up of the board. Two of the members will be ministers of the crown, of whom one will be chairman. Three of the members will be civil servants, while the other three will be from the outside. I think the mere fact that the board will include two ministers and three civil servants will indicate at least that the board will be pretty thoroughly under the control of parliament and the government, and of course the funds must be voted by parliament. Therefore, discussion of any phase of the work of the board can take place here.

Mr. LAWSON: May we have the assurance of the minister that, when the bill is brought down, it will provide that parliament must vote the necessary funds? In connection with the broadcasting commission, as I understand it, we are in the unfortunate position, so far as this parliament is concerned, that we have a completely autonomous body, separate and distinct. The Department of Transport collects the licence fees from the people and deducts what it considers the cost of collecting, turning the balance over to the board without the yea or nay of this parliament, so we have no say about the matter. I do not want parliament to be in a similar situation in connection with another body.

Mr. EULER: There is no great similarity between the two cases.

Mr. ROSS (St. Paul's): I think the advantages and benefits to be gained by the distribution of films of this kind are very much to be desired. Having in mind the work that is done to-day by the national research council and the aid it has given industry in one way and another, I would urge on the government that when this film board is set up, not only should it have in mind the benefits to be derived from the circulation of films of this kind but should look at the matter from the commercial point of view as well. If these films are properly and carefully made, I am sure a demand will develop for them, and I do not see why this should not become an enterprise which not only will spend government money but may return a considerable revenue to the country.

If one were to go to the city of London, England, he might see one, or two, or half a dozen of these places where only newsreels of one kind or another are shown. Many of the pictures shown there are of national interest. I do not see why the same thing cannot be developed in Canada. At this time pictures of one kind or another are brought from other places. I believe there is no reason why, if we develop good reels of national importance, they could not be leased to these companies in a commercial way.

The CHAIRMAN: Shall the resolution carry?

Mr. LAWSON: No; I am just waiting for everybody else to finish, because there are a number of things I want to say.

Mr. MASSEY: I listened with a good deal of interest while the minister recited to us the personnel of the proposed film board. He suggested that he would be chairman, and that another minister would be associated with him. There would be three civil servants and, as I understood it, perhaps a school teacher, a pressman and a business man, or three private citizens of some kind.

Mr. POWER: In that case I shall not be on the board.

Mr. EULER: That was merely a suggestion.

Mr. MASSEY: I was going to suggest that, after all, if we are going to produce films, the presence of a showman on the board is highly to be desired.

Mr. LAWSON: No one has thought of the moving-picture man.

Mr. MASSEY: The moving-picture business is a complicated one, and, with all due deference to hon. gentlemen opposite who occupy the treasury benches I see no one who has the ability of a P. T. Barnum or a Cecil B. deMille.

Mr. EULER: That is a compliment.

Mr. MASSEY: It seems to me that political ability and the ability to produce an excellent motion picture film are two entirely different matters. Accordingly, I heartily commend to the minister the idea that among the three private citizens he selects for his film board he go as far as possible to obtain showmen for those positions.

Mr. LAWSON: I understood the minister to say that different departments of government were producing their own films. Surely that cannot be correct. Has the government, or any department of it, any facilities of any kind to produce motion picture films, other than through the motion picture bureau in the minister's department?

Mr. EULER: My hon. friend must have misunderstood what I said. Perhaps I did not make myself clear. When I say that the various departments have in some instances produced their own films, I mean they have had their films produced on their own initiative. They have given power, perhaps, to private concerns and perhaps to our own film bureau, but there was no restriction or any injunction on the part of the government that they must produce their films in our own bureau. That now will be the case. Ordinarily every film desired by any department must, if it passes the scrutiny of the board, be produced in the government bureau, except if it is thought by the board it can be produced better in some other way. It may be quite necessary for the film board itself, in the case of a national film or in the interests of any one department, to use some producing medium other than our own bureau. I do not know about that. Generally speaking, it is hoped that we shall use our own bureau as much as possible. That is only natural. But it is quite possible to go beyond that.

One hon. member made some observations with respect to our making a commercial proposition of the matter. That is not the intention of the government. As I said, it is to do our own work, and to do it as efficiently as possible. It is quite possible that when we produce good films we may receive certain revenues from them, but I may also say for the information of the committee that it is not the intention through this medium to enter into competition with private business.

Mr. LAWSON: There is one other matter—and the minister may refuse to answer if he desires. The government has the motion picture bureau. The man at the head of it has been there for some time, I believe. Is it in contemplation that that man shall be the commissioner, or is it thought that some one is going to be brought in in addition to the man already there?

Mr. EULER: Perhaps I am wrong, but it would seem that the hon. member asks his question because of a certain statement made in that connection. A suggestion as to who might be commissioner appeared in the press a few days ago. I should like to say to the committee that no consideration whatever has been given so far as to who the commissioner should be. There was no ground for the publication of the article as it appeared in the press. I am quite frank when I say that any statement as to who he might be would be quite out of order, because no consideration whatever has as yet been given to the matter.

Mr. LAWSON: Mr. Chairman, I had in mind expressing several thoughts in connection with the resolution when I saw it on the order paper. Frankly, however, the minister's statement to-night has indicated to me that when I read the resolution I may have had a misconception of what was contemplated. Therefore, in the main I am going to withhold any opposition I may have or any contributions I may wish to make to the debate until the bill is in committee. It might be well, however, if at this time I indicated quite clearly to the minister the line of thought that is in my mind in connection with this proposal. There is nothing political in it; it is just an ordinary, everyday matter of business. It so happens that I think I know something about the motion picture business—at least I should. I was in it at one time, and after I became a lawyer—

Mr. EULER: This is not an application for a commissionership, is it?

Mr. LAWSON: No, not at all. Nothing could induce me to take the job. Since that time I have in my legal activities at different times represented many phases of the motion picture industry. This is what I have in mind: In every province there is a motion picture bureau which, generally speaking, is an adjunct of or is in some way connected with the board of censors of that province. In every province the object of the film bureau is to produce pictures advertising the products of that particular province. Their objective has always been alleged to be the distribution of that film.

The first question I am going to raise when the bill is in committee, is that this is a duplication of what is being done by the provinces throughout Canada. Unless the minister can satisfy me that the board is going to accomplish something that is not being accomplished by the respective provincial motion picture bureaux, then I am going to oppose the measure on the plain, pure and simple principle that it is just another case of duplication of public services, the cost of all of which will ultimately come out of the pockets of the taxpayers. In the provinces, in the main, it comes out of the motion picture industry, because it is taxed in that way.

Mr. EULER: May I ask a question?

Mr. LAWSON: Yes.

Mr. EULER: Is the hon. member referring to the provincially operated picture bureaux in the various provinces?

Mr. LAWSON: Yes. Every province has what is known as a motion picture bureau. There is one in Ontario and another in Quebes. I am not so sure about New Brunswick, but there is one in Nova Scotia and one in British Columbia.

Mr. EULER: May I ask another question?

Mr. LAWSON: Yes.

Mr. EULER: Is my hon. friend of the opinion that when the dominion government desires to issue a film, it should go to a provincial organization to have the work done?

Mr. LAWSON: Not at all. I suggest that it should go where on at least two occasions dominion government departments have gone. They went there because they found they could get a film produced much more economically by this private enterprise. I do not want to be contentious because I know the minister is terribly sincere in connection with the affairs of his department. All I am doing to-night is to ask him to familiarize himself with the subject matter before the bill is presented, and to indicate the questions which I shall ask at that time.

Mr. EULER: The hon. member is really discussing the merits of private or public ownership.

Mr. LAWSON: I do not want to go into that field at all. Long ago, when this motion picture bureau was in its infancy, I questioned the wisdom of such a bureau. On one occasion at least, I made representations to the Minister of Trade and Commerce of the government of which I was a supporter. His views and mine did not coincide, but that is beside the point. I still hold to the same contention. I expect the minister to be able to deal with these questions when the bill is in committee, and I think it only fair to advise him ahead of time of what I am going to ask so that the necessary data and information may be available to him.

First, before I support this bill I want to be satisfied that there will be no duplication of provincial services. Should the dominion government want a film produced which could not or would not in the ordinary course of events be produced by a provincial motion picture bureau, I want to know why that could not be produced by calling for tenders from the two extremely efficient motion picture producing agencies. These companies put out news films and other films of a kind which this bureau would contemplate using.

Second, the minister has stated that the dominion motion picture bureau has the most efficient equipment. I ask the minister to satisfy himself on that point before the bill goes into committee. If they have the most efficient equipment, I should like the minister to inquire why within the last eighteen months when the wheat board, I think it was, wanted to produce a film they engaged a private company to do the work. I think it was the Associated Screen News of Montreal which was called in to take the sound effects and produce the sound record. Again I must say that I do not know whether my information is correct and I have not inquired into the situation, but I am told that this was done because that company had more efficient and up-to-date equipment for the purpose of recording sound. I am dubious that the present motion picture bureau has the latest and most-up-to-date equipment. If it has not, I warn the minister that he will have to spend thousands of dollars for the purchase of such equipment. It would be much more profitable to have any motion

pictures required made by the Associated Screen News or the other concern, the name of which I have forgotten.

The next matter I am going to speak about is this advisory board. The hon. member for Greenwood (Mr. Massey) has mentioned this. When the minister was speaking, it struck me as most amazing that in establishing a board for the purposes suggested, apparently no thought is being given to having as a member a practical motion picture man.

Mr. EULER: Perhaps the commissioner will have that qualification.

Mr. LAWSON: Do not misunderstand me. I have no criticism to make of the gentleman who is at the head of the motion picture bureau; I cannot even recall his name for the moment. I have no criticism of any kind to offer; it is merely a thought that I have in mind. I do suggest to the minister that he should take some advice from people skilled in the motion picture business.

Some mention was made of distribution in theatres and making it a profitable enterprise. I think the hon. member for St. Paul's (Mr. Ross) dealt with that phase of the matter. Let me say to the minister that to the best of my knowledge, information and belief, no country in the world has ever been able to get a distribution of film on a revenue basis, that is, film which would be produced by a government motion picture bureau. It just cannot be done.

Mr. EULER: That is not our primary purpose.

Mr. LAWSON: That has not been possible, either in Canada or in the United States.

Mr. LANDERYOU: Why?

Mr. LAWSON: For the simple reason that motion picture film is distributed by organizations known as exchanges. These people distribute film all across Canada. The basis of distribution is to rent film to the owners of motion picture theatres for so much money. Naturally the owners of motion picture theatres want to rent only those films which will draw people into their theatres, which will attract people who will be willing to pay admissions at the box-office. I am afraid that the number of people who would pay to see a film about the growing of wheat, about the bottling of milk, about certain health matters and so on, would not be sufficient to pay the small weekly salary of the man who operated the motion picture machine. You simply cannot distribute this film on a commercial basis. I will admit that if you can connect up with the proper distribution agencies, they may be able to get a measure of distribution for you by sending this film out as a filler to small theatres which can afford to pay only a small weekly sum for their films for the week, whether it be two or three changes a week.

Another problem enters into the question of distribution. It is important that there should not be confusion in this matter. One must not think of distributing film in motion picture theatres in the same terms as one would think of distributing film in schools, public halls and so forth for educational purposes. The same film cannot be distributed in both cases. The film used in the motion picture theatre is what is known as 35 mm. film. This type of film is highly inflammable and powerful light must be used in projecting it. The projection machines cost at least $700, and sound equipment and photo-electric cells cost much more money. Every province in Canada has the most rigid regulations as to the type of room which shall be used as an operating room for the projection of such film. The 35 mm. film can be distributed only to motion picture theatres.

When one comes to talk about halls and schools, one must consider another type of film. This is a non-inflammable film known as the 16 mm. film. It can be projected with the use of an ordinary electric bulb, and it creates no fire hazard. If one is going to distribute to both sources, one must make two films. As a matter of fact, until within the last two years there was not any organization in this country set up to distribute the safe film or the 16 mm. film. Now there is, so I think any thought of putting this on a commercial basis might just as well be disposed of now as any other time. You can never get a demand from motion picture theatres for this kind of film, and I do not think you can ever get a revenue.

I point these matters out to the minister because, when the bill comes up, I should like him to be prepared to deal with them; and I seriously suggest to him that in the meantime he inquire as to the actual necessity of having this film board for government films, of setting up this organization with eight members of a board of governors, or whatever you want to call it, with a commissioner superimposed on top of the organization which you already have, and which I am frank to say in my opinion is just another burden of debt on the taxpayer of this country, duplicated in a large measure at the present time by the provincial bureaux. In any event, I suggest to the minister, everything that can be accomplished at the present time by his motion picture bureau and by the set-up he proposes could be accomplished, by any department which felt that it needed a film for distribution to advertise some-

thing of Canada in foreign lands, by their simply going before the treasury board and satisfying it as to the necessity of an expenditure for the purpose, and then going out and calling for tenders for making that film, from the companies now in business in Canada.

Mr. EULER: Who would initiate, for example, a national film?

Mr. LAWSON: What does the minister mean by "a national film?"

Mr. EULER: A film which might be of an educational nature intended for all the people of the whole country, and which would not touch the particular interests of any one department.

Mr. LAWSON: All right. Such a national film, I would say, might be initiated by the minister of any department.

Mr. EULER: But it would not be his particular business.

Mr. LAWSON: Well, suppose it was not his particular business; let me put it in this way. The Department of Trade and Commerce, for example, is charged, is it not, with extending the trade and commerce of the Dominion of Canada? All right. In order to advance the sale of Canadian goods, or something of that kind, in foreign countries, the department decides that the best way to do it is to have a motion picture film made. Then what on earth is to prevent the minister from calling for tenders from private enterprise, the motion picture companies, to manufacture a film, asking them to submit a scenario or what he proposes should be in it, and having received the prices, to go to the treasury board and say, "Here is the amount of money I propose to spend and here is the purpose I hope to accomplish"? If treasury board thinks it is a good idea, they authorize it; if they do not think it is a good idea, they do not. Might I in turn say to the minister, who initiates any national films now?

Mr. EULER: Nobody. That is just the point.

Mr. LAWSON: Well, then, what has the national motion picture bureau been doing during these last seven or eight years, if they have not been supporting something of that kind in this country?

Mr. EULER: It has been doing work for the various departments. It is a branch of the Department of Trade and Commerce; but the Department of Trade and Commerce has never thought that it was its particular duty to produce films that had anything to do with any activity other than applies to its own department, namely the promotion of business and sales. There might be a cultural film that the film board might think was quite proper for dissemination throughout the whole of Canada. It is not the particular duty of the Department of Trade and Commerce to initiate a film of that kind. It would not be the duty of the Department of Natural Resources or the Department of Agriculture. Nevertheless it would be in the interests of the country that it should be done. Who is going to do it; who is going to initiate it, if not a body such as this, which has a national view as well as doing the work for the various departments? That is what is in my mind with regard to it.

Mr. LAWSON: I am sorry, Mr. Chairman, but it does seem to me that if there existed a national necessity for a national film, there would be many people in Canada urging that it be produced; it occurs to me that there would be many ministers in any government who would be anxious that it should be produced, and it could be initiated by any minister and could be submitted to the treasury board or some similar body. I say with great frankness that I look upon this as just another one of these things that constantly increase expenditure and the burden of taxation in this country and cannot justify its existence. I am sorry if my view differs from that of the minister. I can be no fairer than to give him ample warning of what I have in my mind, and ask him to prepare his brief and submit it to the house when he brings down his bill.

Mr. EULER: I am not objecting to it for a moment.

Mr. LAWSON: I cannot do more than that. I feel we are just piling up another government organization on top of the tremendous number of organizations we already have.

Mr. ROSS (St. Paul's): In connection with this board, I have urged that if they were going to set it up they should do it so that to a certain extent they would have something come out of it; it would be commercial. For instance, in connection with the coming visit to Canada of the king and queen, who is to have the rights of taking these pictures in various places? Can private enterprise, for instance, be sold the rights, or are our own government bureaux to take these pictures?

Mr. EULER: The question has been considered, but I am not in a position to answer it to-night.

Mr. MASSEY: It seems to me highly to be desired that in connection with this board the

splendid service that Mr. Frank Badgley has given to the dominion motion picture bureau should be recognized in a distinct and specific way. I had the good fortune to be associated with Mr. Badgley some years ago in the matter of the production of a moving picture, and so had occasion first hand to judge of his abilities in this regard; and when the minister made the statement he did a few moments ago in regard to the equipment we have on hand here, I am sure he was referring not only to the physical equipment but to the personnel as well. We are to be congratulated I think, upon having such a man as Mr. Badgley, and I would earnestly urge the minister that in setting up this board full consideration be given to this phase of the question.

Mr. STEVENS: There is a matter about which I wish to ask the minister. I was called out of the house while he was speaking, and he may have covered it. If so, I am sorry. As far as I am concerned I have nothing but the highest regard for Mr. Badgley and the motion picture bureau. I think they have done excellent work. It is eleven o'clock, and I think we might as well report progress because I have a few questions to ask.

Mr. EULER: It would not be possible to get the resolution through?

Mr. STEVENS: I am prepared to proceed and ask my questions.

An hon. MEMBER: It is eleven o'clock.

An hon. MEMBER: Ask the questions.

Some hon. MEMBERS: Eleven o'clock.

The CHAIRMAN: Shall the resolution carry?

Mr. STEVENS: If you are going to do that, Mr. Chairman, I will go on, but it is eleven o'clock.

Mr. EULER: I have no objection, Mr. Chairman. I am quite ready to move that the committee rise, report progress, and ask leave to sit again.

Progress reported.

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

Wednesday, March 8, 1939

The house met at three o'clock.

BANKING AND COMMERCE

FIRST REPORT OF STANDING COMMITTEE CONCURRED IN

Mr. W. H. MOORE (Ontario) presented the first report of the standing committee on banking and commerce, and moved that the report be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ROYAL CANADIAN MOUNTED POLICE—CORPORAL JOSEPH BOUDREAU

Mr. HÉON:

1. Were any complaints made against Corporal Joseph Boudreau, of the Royal Canadian Mounted Police, while he was on duty at the Seven islands, Charlevoix county?
2. If so, what was the nature of such complaints?
3. Were the said complaints found justified?
4. Is Corporal Joseph Boudreau still a member of the Royal Canadian Mounted Police?
5. If so, where is he stationed?

Mr. LAPOINTE (Quebec East):

1, 2 and 3. Certain complaints were made against Corporal Boudreau by a former employee of the government who had been dismissed. Such charges were duly investigated and every action taken that circumstances justified.

4 and 5. Corporal Boudreau is still a member of the force, stationed at Bathurst, N.B. It is not considered in the public interest to give more particulars with regard to the matter.

REAR JUDIQUE CHAPEL, N.B., POST OFFICE

Mr. BROOKS:

1. Has any change been made in the location of the post office at Rear Judique Chapel?
2. If so, why, and on whose recommendation?
3. Is the post office in as convenient a place for the public as it was before?

Mr. McLARTY:

1. Yes.
2. Postmaster resigned. New postmaster recommended by Donald MacLennan, M.P.
3. Office slightly off main road and on a hill but, according to district director, more central than old location. No complaint received.

*WHEAT CROP OF 1938

Mr. HAYHURST:

1. What amount of the 1938 wheat crop remained on hand at February 28, 1939?
2. How much of this crop was exported from: (a) Montreal; (b) Vancouver; (c) all other ports?

Mr. EULER: This question bears on the same subject as the question asked by the hon. member for Qu'Appelle (Mr. Perley) the other day, which it was thought not to be in

the public interest to answer. I regret that I have to take the same position in regard to this question.

MONTREAL CONSTRUCTION SUPPLY AND EQUIPMENT SHELL CONTRACT

Mr. MacNEIL:

1. What is the value of the machinery purchased for the use of the Montreal Construction Supply and Equipment Limited, Montreal, for the machining of shell bodies?

2. With what firms were the orders placed for such machinery, and were tenders called for in each instance?

3. What has been the cost to the government for the installation of such machinery?

4. What firms secured the orders for billets and forgings as required by the Montreal Construction Supply and Equipment Limited, and were tenders called in each instance?

5. What price will be paid by the government for each such billet and forging, including transportation and delivery charges?

Mr. MACKENZIE (Vancouver): I have no personal objection to having this question answered, but I think that under the rules of the house when a matter has been referred to a standing committee no question with reference to it can be answered in the house. I refer to Campion, page 130, rule 37.

CANNED BEEF IMPORTS

Mr. THOMPSON:

1. How many pounds of canned beef did Canada import from the United States during each of the years 1936, 1937 and 1938?

2. How many pounds of canned beef did Canada import from the Argentine during each of the said years?

3. What amount of duty per pound was collected in each instance?

Mr. EULER:

1.

Fiscal years ended March 31	Pounds
1936	748
1937	11,536
1938	48,960

2.

Fiscal years ended March 31	Pounds
1936	8,410,748
1937	9,876,596
1938	8,566,458

3.

Fiscal years ended March 31	United States	Argentina
	$	$
1936	0·016	0·014
1937	0·022	0·014
1938	0·014	0·016

MAPLE PRODUCTS—EXPORTS AND VALUE

Mr. LACOMBE:

1. What was the total value of maple products in Canada for the years 1933, 1934, 1935, 1936, 1937 and 1938?

2. What was the value of such products in the province of Quebec during the said years?

3. What was the amount of such products exported in each of the said years to: (a) the United Kingdom; (b) the United States?

4. What was the average price paid to the producers during the same years: (a) per pound of maple sugar; (b) per gallon of maple syrup?

Mr. EULER: Maple products, 1933 to 1938:

1. Value of maple products in Canada

	1933	1934	1935	1936	1937	1938
Maple sugar	$ 499,713	$ 576,400	$ 740,100	$1,058,100	$ 524,200	$ 370,500
Maple syrup	1,559,628	2,464,200	2,782,300	2,655,700	1,720,800	3,479,400
Sugar and syrup	2,059,341	3,040,600	3,522,400	3,713,800	2,245,000	3,849,900

2. Value of maple products in Quebec

	1933	1934	1935	1936	1937	1938
Maple sugar	$ 432,000	$ 448,900	$ 595,800	$ 927,200	$ 442,200	$ 321,200
Maple syrup	836,300	1,462,100	1,671,500	1,554,400	865,800	2,589,100
Sugar and syrup	1,268,300	1,911,000	2,267,300	2,481,600	1,308,000	2,910,300

3. *Exports of maple products from Canada

Maple sugar						
To U.K. Lb.	25,944	32,928	30,925	30,179	28,028	25,750
$	4,099	5,070	5,351	4,406	4,198	4,729
To U.S. Lb.	3,144,600	2,251,563	3,133,602	3,965,248	5,958,093	4,141,221
$	538,108	363,896	468,489	641,074	865,292	648,815
Maple syrup						
To U.K. Gal.	4,891	1,761	1,989	2,114	3,082	1,986
$	12,738	3,781	4,529	5,133	7,354	4,716
To U.S. Gal.	16,629	19,622	104,182	205,620	9,885	4,046
$	13,284	22,106	110,162	212,488	17,861	12,255

*Exports are for fiscal year ending March 31.

4.	Average prices paid producers					
Maple sugar (cents per pound)						
Canada..	9	12	11	11	12	10
Quebec..	8	10·5	10·4	10·9	11	10
Maple syrup (dollars per gallon)						
Canada..	1.24	1.34	1.24	1.31	1.40	1.18
Quebec..	.99	1.14	1.06	1.12	1.11	1.10

*SUDETEN AND OTHER EUROPEAN IMMIGRANTS

Mr. GARIEPY:

1. Is it true, as published in *La Presse* of the 4th instant, page 1, that arrangements have been completed for the transportation to Canada of a number of Sudeten people and for their settlement on farms in Alberta, Saskatchewan and British Columbia?
2. Is the government aware of these arrangements, if such exist, or of any arrangements whatsoever for the transportation to, and settlement in Canada of Sudetens or other European immigrants?
3. What is the nature, object and date of these arrangements, and who are the persons with whom the arrangements have been made?
4. When will such arrangements go into effect?
5. How many individuals will be admitted into Canada, and where will they be located by virtue of any agreement reached?
6. What is the extent of the financial responsibility, if any, assumed by the dominion government for carrying out this settlement plan?
7. Will the government submit the proposed plan of settlement for the consideration of parliament?

Mr. CRERAR: Yesterday I stated in reply to questions asked by the hon. member for Peace River (Mr. Pelletier) that I hoped to be in a position to-day to give a reply concerning the matter to which this question refers. The information is not yet quite complete; therefore I ask that this question stand. The statement will be made to-morrow.

Question stands.

QUESTIONS PASSED AS ORDERS FOR RETURNS

IMPORTS OF ORANGES AND DATES

Mr. YOUNG:

1. How many boxes of oranges were imported into Canada each month during the calendar year of 1938 from: (a) the United States; (b) British empire countries, specifying the country of origin?
2. What was the total revenue collected each month on said oranges from: (a) United States; (b) British empire countries?
3. What was the total importation into Canada during the calendar year 1938 of pitted dates from: (a) the United States; (b) British empire countries?
4. What are: (a) the tariff rate from each country; (b) any other duties or taxes collected?
5. What is the total importation of dates not pitted in the calendar year 1938 from: (a) the United States; (b) British empire countries, and what revenues were collected on importations from each of above territories?

Mr. RINFRET: Return tabled.

NIAGARA PARKS COMMISSION

Mr. STEVENS:

1. What contribution has the government made towards any work done or undertaken on the Niagara frontier under the direction or subject to the control of the Niagara parks commission in each of the years 1934, 1935, 1936, 1937 and 1938?
2. For what purposes have such expenditures been made?
3. How much has been paid directly to the Niagara parks commission for any of the foregoing works or enterprises?
4. For what amount have the government assumed any liability to the Niagara parks commission for similar work which is not yet finished or which has not yet been discharged?

GOVERNOR GENERAL'S WARRANTS

Mr. LENNARD:

1. Has the government resorted to governor general's warrants since last session for the purpose of supplying money?
2. If so, for what purposes, in what amounts, and on what dates?

NATIONAL DEFENCE—CONTRACTS FOR AIRCRAFT MANUFACTURE

Mr. MacNEIL:

1. With what firms have arrangements been completed by the Department of National Defence for: (a) the manufacture of aircraft; (b) the assembling of aircraft; (c) the manufacture of aircraft motors; (d) the manufacture of parts of aircraft?
2. Have such contracts been awarded on the basis of competitive bids or selection?

NATIONAL DEFENCE—RIFLES AND MACHINE GUNS

Mr. MacNEIL:

1. Has the Department of National Defence purchased rifles during the vears 1936, 1937, 1938 and 1939?
2. If so, from what sources have such rifles been purchased?
3. Has the department made arrangements during the period mentioned to secure heavy or light machine guns other than the Bren machine gun?
4. If so, from what sources has such equipment been procured, or will it be procured under existing arrangements?
5. What types of machine guns will be supplied?

NATIONAL DEFENCE—LINDSAY ARSENAL

Mr. MacNEIL:

1. How many persons are now employed at the dominion government arsenal at Lindsay, Ontario, as: (a) administrative staff; (b) technicians; (c) skilled artisans; (d) labourers?
2. What work is now being performed in this establishment?

NATIONAL DEFENCE—QUEBEC ARSENAL

Mr. MacNEIL:

1. How many persons are now employed at the dominion government arsenal at Quebec city as: (a) administrative staff; (b) technicians; (c) skilled artisans; (d) labourers?

2. How many of these are officers or enlisted men?

3. Has the dominion government arsenal at Quebec manufactured any 18-pounder, high explosive or 4·5-inch howitzer H.E. shell bodies during 1936, 1937 and 1938?

4. If so, what has been the cost per unit?

MOTIONS FOR PAPERS

CANADIAN WHEAT BOARD—MOVEMENT OF ALBERTA WHEAT

Mr. MacNEIL:

For a copy of all shipping instructions issued by the Canadian wheat board, relating to the movement of Alberta wheat during the current wheat marketing year, via eastern or western routes.

BRITISH COLUMBIA FISH TRAPS

Mr. NEILL:

For a copy of all correspondence, letters, telegrams and other documents exchanged between the minister or any official of the Department of Fisheries and any other person or persons regarding the use of fish traps in British Columbia, since April 29, 1938, to date.

TRADE AGREEMENTS

CANADA-UNITED STATES—IMPORTATION OF UNITED STATES WHEAT INTO ONTARIO

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): I should like to direct a question to the Minister of Trade and Commerce (Mr. Euler), of which I have given him notice, based partly on an item which I read in the Ottawa *Journal* this morning, as follows:

Washington, March 7.—Discussions with Canada have begun in an effort to iron out a number of difficulties that arose after the new trade agreement with the dominion went into effect January 1.

In view of these discussions I wish to draw to the attention of the minister the very acute and urgent situation in which Ontario wheat farmers find themselves, due to the fact that they are finding it impossible to sell their wheat through the usual channels while at the same time they claim that over 600,000 bushels of subsidized American wheat have been brought into Ontario to be used by certain Ontario flour mills. It is claimed that one of these users of subsidized American wheat is offering flour at $2.60 per barrel in Montreal, whereas flour made from Ontario soft winter wheat could not to-day be sold for less than $2.90 per barrel. That is the statement to me, and I should like to ask the minister if this matter will be discussed with the committee which is referred to in the newspaper item I have quoted.

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, while the leader of the opposition (Mr. Manion) did give me notice that he intended to ask this question, I had not seen the article and he did not read it to me in detail. However, for his information and the information of the house I might say that so far as a United States committee discussing matters with the Canadian government is concerned, I have no knowledge of any such committee meeting any representatives of the Canadian government, and I think I should know if such a conference were taking place.

With regard to the importation of United States wheat by mills in Ontario, I have had considerable correspondence, including a good many letters from farmers and others in Ontario, complaining about the importations. There is no doubt that some wheat is coming in from the United States and being milled in Ontario, and possibly some of it is being exported. Perhaps this part of the question should be answered by my colleague the Minister of National Revenue (Mr. Ilsley), but these importations are coming in under the law as it stands. I may admit, however, that the situation is giving some concern to the government, but at the moment I can only say that it is receiving consideration.

UNEMPLOYMENT RELIEF

DIVISION OF COSTS AS BETWEEN DOMINION, PROVINCES AND MUNICIPALITIES

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): I have received a telegram to which I should like to direct the attention of the Minister of Labour (Mr. Rogers). The telegram comes from the city clerk of London, Ontario, addressed to myself, and reads:

City council of London would urge that the forty-forty-twenty division of relief costs be made retroactive to January 1st, 1939. The present basis of forty per cent payable by the municipality for the first three months of the year is more than the municipality can carry and imposes too great a burden.

I will send this telegram over to the minister for whatever consideration can be given to it, unless he wishes to make some statement about the matter now.

Hon. NORMAN McL. ROGERS (Minister of Labour): This matter has already been dealt with officially in a letter from myself addressed to Mayor Cory of Trenton, who holds the position of president of the Ontario Mayors' Association. In my letter I advised Mayor Cory that it was not the intention of the government to make the forty-forty-twenty division of relief costs retroactive to cover the months of January, February and March. I also pointed out that under the arrangement as announced the municipalities of Ontario, and other municipalities in Canada, would effect a substantial saving over the entire year, inasmuch as our new basis covers the fiscal year beginning April 1, 1939, and extending to April 1, 1940.

UNITED STATES PERIODICALS

REFERENCES TO THE KING IN CERTAIN MAGAZINES CARRIED THROUGH THE MAILS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to direct a question to the Postmaster General (Mr. McLarty) and the Minister of National Revenue (Mr. Ilsley) concerning the circulation in Canada of certain United States magazines and papers. Some time ago the Postmaster General said these magazines did not come through the mails, but I have a letter from a clergyman who informs me that he has been receiving *Scribner's* magazine through the post office, and I understand that in addition there are some seventeen other United States periodicals being distributed in the same manner. Now that this matter has been directed to the attention of the government, will there be a further inquiry and will the Post Office Department deny these magazines the use of the mails? Further, will the Minister of National Revenue have some of these objectionable magazines, which are attacking the king and disparaging the British empire, seized under our laws?

Hon. N. A. McLARTY (Postmaster General): So far as the question relates to the Post Office Department it is one that I cannot answer off-hand, but I shall be glad to give it consideration.

Hon. J. L. ILSLEY (Minister of National Revenue): If the hon. gentleman will bring to the attention of myself or my department any publication that he contends is seditious or treasonable, it will be examined with a view to determining whether or not this is the case; and if it is the case, it will be refused entry to Canada.

71492—106½

TRADE AGREEMENTS

CANADA-UNITED STATES—CONTINUATION OF DEBATE ON MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

The house resumed from Tuesday, February 28, consideration of the motion of Mr. Mackenzie King that the house go into committee on the following proposed resolution:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, just before the adjournment of this debate the other day I stated that the trouble with world trade was that every nation was trying to sell but those who wanted to buy found themselves short of purchasing power. That fact was recognized by the world conference of agricultural economists, who maintained that there was a chronic shortage of purchasing power throughout the world while on the other hand there was a tremendous surplus of commodities of all kinds. This holds true in this country as well, and I have suggested that we should increase the purchasing power of the consumer. Out of our wheat fields comes the wheat, but what do the farmers receive for it? Let me refer to some statements made by elevator agents in respect to the harvesting of the last crop:

"There is more than one farmer in this particular district who would be wiped out completely if called upon to satisfy all his creditors. However, I can't imagine his creditors adopting such a short-sighted policy. A number of them have threatened to turn back large portions of their farm lands if they are not given an opportunity to realize something on their crop this year. I know of one farmer who is actually turning back a section and a half of land to the municipality rather than pay his tax arrears. This particular farmer owes something like $7,000 in tax arrears, and he figures that he would be much further ahead if he surrendered his land rather than attempt to pay off the majority of his arrears out of this year's crop."

Another elevator agent also pointed out that many farmers were required to purchase new farming machinery this year, and these payments will also have to be made out of this year's crop in addition to the other debts piled up against it. The agent said that while the bushelage in many districts will exceed that of last year, the price of wheat is greatly reduced from last year.

"In fact it is generally admitted that it will take two bushels of grain to realize the same amount of money received for one bushel last year," the agent said.

The same situation obtains in the fishing industry. Out of our oceans, lakes and streams come the fish, but what do the fishermen receive for them?

Mr. SPEAKER: I regret to have to advise the hon. member that he has exhausted his time.

Mr. LANDERYOU: I think there must be some mistake, Mr. Speaker; I understood that I had fifteen minutes.

Mr. TURGEON: I rise to a point of order. I think there is some mistake in timing, because I happened to be close at hand the other evening when the hon. member stopped speaking, and I thought he had fourteen or fifteen minutes longer to speak.

Mr. SPEAKER: I am in the hands of hon. members. Of course I have to base my decision on what the assistant clerk has told me.

Mr. LAPOINTE (Quebec East): Under the circumstances I think the house will listen to the hon. member for another fifteen minutes.

Mr. SPEAKER: The hon. member may proceed.

Mr. LANDERYOU: The lakes, streams and oceans give fish, but the fishermen receive very little in return for their catch. From our mines comes coal, but what do the coal miners receive? Out of the forests come lumber, but what do the workers receive?

Here is a news item which appeared in the Ottawa *Citizen*:

Ansonville, Ontario, March 7.—Doctor E. J. Clouthier, medical officer of health, said to-day five cases of scurvy have been discovered in this northern Ontario village three miles south of Iroquois Falls. He said the disease was the "direct result of starvation and deprivation of the essential foods."

Doctor Clouthier said one case has advanced to a stage which necessitates hospital treatment. Vigilance to prevent spread of the disease, rare in civilized countries, is being exercised by the physician who also is conducting an investigation into the cause of the outbreak.

The next paragraph is headed "Cannot Buy Vegetables", and is as follows:

The disease is caused by a lack of vegetables and fruits in the daily diet. It was said many residents of the village who are employed at paper mills in Iroquois Falls are working only part time and are unable to purchase these essential foods.

Short of purchasing power.

The municipality is in the township of Calvert, which is under control of the provincial government. It was said the township had sought to obtain increased relief quotas for welfare recipients which would enable the impoverished residents to obtain the necessary vitamins but that such requests had been so frequent recently it was impossible to expect further aid.

Village authorities said the situation was made more serious by the fact many residents were insufficiently clad and that during the first two months of this winter sub-zero weather prevailed. Some householders were said to lack sufficient fuel in their homes to withstand the cold weather.

Mr. LAPOINTE (Quebec East): I was pleased to ask the house to give further time to the hon. member, but I would like to know what this has to do with the trade treaty.

Mr. LANDERYOU: Simply this, that the trade treaty, regarded by the government as a solution of the economic problems of the country, has failed adequately to provide for the needs of our people.

Mr. LAPOINTE (Quebec East): It will fail if it is not ratified.

Mr. LANDERYOU: That is the position. May I just point out to the minister what I mean by that. Ask the farmer whether or not he is receiving all the purchasing power necessary to purchase the fish, lumber and coal that he wants. The minister and his colleagues talk about the wonderful future Canada will have because of this trade agreement. Ask the coal miner whether he is receiving all the lumber, fish and products of the farm he would like. Ask the fisherman whether he is receiving all his requirements of coal, fruit and other commodities which can be produced in Canada. The storehouses of Canada are plugged with goods. But what do we find? The people are unable to gain access to the wealth they have produced. And yet this condition exists while the government talks about blasting its way to foreign markets. As I have said before, we cannot depend very much upon our external markets. Why? Because they lead to national hard feelings and international complications which in turn may lead to war abroad.

Let us look into the situation of the province of Alberta. The following table showing the production of oil in that province will indicate what I have in mind:

Year	Oil production (barrels)
1934	1,265,940
1935	1,263,750
1936	1,320,442
1937	2,796,908

They find themselves unable to market their oil in Canada. Oil is being brought in from foreign countries. The Liberals say that if we do not trade with the world, if we get

into some isolated compartment, we will endanger the peace of the world. Who would want to attack this country because we allow our own people to utilize the oil and other production of the nation?

May I now read an article published by a man who understands the oil situation in Alberta:

The efforts of Turner Valley producers to preserve and enlarge their home market continue, with three more important actions or statements taking their place in the news. The events follow announcements by major oil companies that they would displace Turner Valley oil with American oil on the Manitoba market.

To-day's first news event is an application from the Alberta Petroleum Association to the Canadian railways for a freight rate on crude oil shipments to Brandon, equivalent to the present low rates to Saskatchewan refineries of the major companies. The application requests a cut in the Brandon rate from 98 cents to 78 cents per barrel. The 20 cents per barrel saving, it is believed, would enable the Anglo-Canadian Company (with refinery at Brandon) and other independent Manitoba refiners to compete on an equitable basis with any American gasoline that might be brought into the province by the major companies, in line with their threat of a few days ago.

In Calgary a statement severely condemning the "menacing and threatening attitude" of Imperial Oil has been issued by Robert Wilkinson, president of National Petroleum Corporation, and in Toronto W. S. Campbell, former head of the Petroleum Association, has issued a report on a personal survey of the Illinois situation in which he scores the major companies for taking advantage of a "temporary chaotic condition" and calls on the government to take action.

Wilkinson states "If the independent producers and all the shareholders of companies operating in Turner Valley needed any further indication as to the ultimate fate of our promising oil industry, they now have it in the menacing and threatening attitude of Imperial Oil executives, expressed in their declarations concerning policy they intend to adopt, giving preference to foreign oil in the Manitoba market. It has been apparent that Standard Oil interests were not prepared to concede very much of the prairie oil market to Turner Valley, and that such progress in this direction as has already been made, has been made in the face of and despite powerful opposition to any plans involving the movement of Alberta crude eastward."

"In early negotiations with railway executives two years ago, the Independent producers were assured that freight rates to Winnipeg would be made effective at once, enabling the movement of crude oil east to that point at competitive rates. Apparently sufficient pressure has been brought to bear on the railway companies to prevent them from putting into effect—

Mr. SPEAKER: Order.

Mr. LANDERYOU: May I finish—

Mr. SPEAKER: I am advised the hon. member has now exhausted his time.

Mr. HUGHES CLEAVER (Halton): Mr. Speaker, after a few general remarks in regard to the treaty I should like to confine most of my observations to those parts of it which have to do particularly with the fruit and vegetable industry, because an important part of my constituency is interested in the production of fruit and vegetables. The Canada-United States and the Great Britain-United States trade agreements, in so far as they encourage a closer relationship and better understanding among these three great democracies, are admittedly highly beneficial to a world filled with misunderstanding and misgivings.

Our friends of the Conservative party are opposing the Canada-United States trade agreement solely upon the ground that, according to their contention, the price which we have paid for the agreement is too high. In plain words they say the Yankees are better traders than we are, and that we have been outwitted. Personally I have no such inferiority complex with regard to the three gentlemen who had most to do with the negotiation of the agreement. I refer to Mr. Hector McKinnon of the Department of Finance, Mr. Wilgress of the Department of Trade and Commerce and Mr. Robertson of the Department of External Affairs. For many months these men carried on continuous negotiations, and instead of expressing dissatisfaction with the results it is my opinion that parliament and the Canadian people owe those men a great debt of gratitude.

In my opinion, when viewed by actual performance instead of by politically tinged prophecies, the treaty will prove to be one of the greatest economic accomplishments in the history of this nation. In giving directions to our negotiators, and in accepting the responsibility for the final result, the Prime Minister (Mr. Mackenzie King) and his ministers have taken a leading part in and have made a real contribution to the consolidation of the democratic peoples in the world to-day. It is my opinion that had it not been for the spirit which Canada showed in negotiating the 1935 agreement with the United States, the present agreement could not have been consummated. Even though we had not been able to negotiate a trade agreement as advantageous as is the new trade agreement, it is my firm belief that present-day world conditions demanded that closer economic relations should be formed between the great democracies at almost any cost. Fortunately for Canada, we were not called upon to make any serious concessions and we have received many important advantages. It

is a fallacy to suggest that trade agreements cannot be made which will be beneficial to both contracting parties. It is equally a fallacy to suggest that of necessity some interests must be injured. During this debate the Conservative opposition has roundly scored the agreement, but on looking up the record I find that the 1935 agreement was just as vigorously opposed.

An hon. MEMBER: Rightly so.

Mr. CLEAVER: Perhaps my hon. friend will not be so proud of that a little later on. On looking up the record I find that the hon. member for Davenport (Mr. MacNicol), made the following statement when referring to the treaty of 1935, as reported on page 770 of *Hansard* for 1936:

This will result in displacing from employment thousands of men engaged in industry in this country.

Then, in referring to the section of the agreement which had to do with the tariff on agricultural implements, the same hon. member had this to say, as reported on page 1115 of *Hansard* for 1936:

This not only will bring the price down but may wipe them out of business.

The hon. member for Lanark (Mr. Thompson) is reported on page 774 of the same *Hansard* as follows:

. . . it is my considered opinion that Canada, with 11,000,000 people and situated on the northern part of this continent, will never be able to make a satisfactory and permanent trade agreement with the 125,000,000 people living to the south.

Then the former hon. member for Hamilton West, the late Mr. Wilton, is reported on page 791 as follows:

I see in this agreement the possibility of the American rather than the Canadian flag floating over Canada.

I should say here that the present hon. member for Hamilton West (Mr. Marsh) was not the one who made that statement. Then the hon. member for St. Lawrence-St. George (Mr. Cahan) said:

I make no apologies for having been opposed to every offer we have had from the United States since at least I was a young man.

That is a most helpful sort of attitude, is it not? Then the hon. member for Broadview (Mr. Church) is reported on page 804 as follows:

I oppose this agreement entirely because I fear it will have an injurious effect in regard to employment. It will destroy many a basic industry in Canada.

[Mr. Cleaver.]

I ask the hon. gentleman to rise in his place now and tell us of the many basic industries which the treaty of 1935 has destroyed. Then the hon. member goes on to say on the same page:

I contend that this agreement gives away Canada's birthright.

And then on page 806:

If we vote for trade agreements we are voting for complete commercial union with the United States.

The hon. member for Leeds (Mr. Stewart) is usually reserved in his remarks, but he is reported on page 836 as follows:

Many of our industrial plants will be forced to close.

And again:

Unemployment with all its hardships will be increased; the investment of capital in industry in Canada will be discouraged.

Then the hon. member for York South (Mr. Lawson) is reported on page 961 as follows:

I say that this trade agreement is making a serious contribution to the economic domination of this country by the United States.

Let us look dispassionately over the record to see just what did happen to Canadian business after the advent of that trade agreement which was to bring ruin and the possibility of the United States flag floating over Canada. Trade agreements are made primarily to increase trade. Our exports of merchandise only to the United States—I have excluded gold—for the years 1935 to 1938 were as follows:

1935	$304,000,000
1936	360,000,000
1937	435,000,000
1938	343,000,000

Our imports of merchandise, again excluding gold, from the United States were as follows:

1935	$303,000,000
1936	319,000,000
1937	393,000,000
1938	487,000,000

There was a trade increase of $516,000,000 in three years, made up as follows:

1936	$ 72,000,000
1937	221,000,000
1938	223,000,000

Mr. LAWSON: Was not the major portion of the total trade increase made up of increased importations from the United States into Canada?

Mr. CLEAVER: I am just going to deal with that. I think I can show to the satisfaction of the house just what did happen.

After I have covered that part of my address, I shall try to answer any questions that remain to be answered. Everything went well for the first two years and we did not hear a peep out of the opposition. Unemployment decreased sharply, revenues were buoyant, the budget deficit was substantially reduced, and then what happened? In the last few months of 1937 a serious recession struck United States business, a recession more severe in its onset than that of the great depression. By March, 1938, business in the United States had receded by over one-third across the entire business section of the country. The United States is the largest single customer for Canadian products. Taking the ten year period from 1928 to 1937, both inclusive, we find that the United States purchased on the average 40·27 per cent of our total yearly exports. Our next best customer was the United Kingdom which purchased on the average 36·91 per cent of our total yearly exports. Some may question these figures, so I would ask the permission of the house to place the details on *Hansard* without taking time to read them.

Mr. SPEAKER: Shall the hon. member have leave to have this table placed on *Hansard*?

Some hon. MEMBERS: Agreed.

Mr. CLEAVER: The table is as follows:

Year	Percentage exports to United Kingdom to total Canadian exports	Percentage of our exports to United States compared to our total exports
1927	35·6	37·3
1928	33·3	39·2
1929	31·4	36·8
1930	25·1	46·0
1931	27·4	43·7
1932	29·0	42·9
1933	34·9	37·4
1934	43·3	33·0
1935	38·4	40·3
1936	37·9	42·4
1937	38·4	41·0
Average yearly percentage	36·91	40·27

When our best customer suffered severe business reverses, what could one expect? Our sales to that customer also suffered. At the end of March, 1938, we found our exports to the United States had fallen by $92,000,000 below those of the previous year. On the other hand, Canada did not immediately feel the effect of that recession; our recession was not as severe, and consequently our imports from the United States did not decline. The trade reaction was exactly what one would expect. What do our Conservative friends say now? If the hon. member for York South will just listen, I shall give my explanation for what it is worth.

Mr. LAWSON: I am listening.

Mr. CLEAVER: They now say that the 1935 treaty was lopsided. In 1936, when our exports to the United States exceeded our imports from that country by $41,000,000 and the balance was then decidedly in our favour, we did not hear anything at all about the treaty being lopsided. Again in 1937, when the balance was still substantially in our favour, we heard no criticism. But in 1938 the treaty suddenly becomes fraught with inequalities. Right at this point, Mr. Speaker, I should like to make a suggestion: Canadian prosperity depends upon the prosperity of Canada's customer nations. So long as we have large surpluses of the field, the forest and the mine, just so long we must of necessity be a world-trading nation, whether we want to or not. It necessarily follows that just as soon as any of our customers run into hard times, we shall suffer as a result of their hard times, and for this reason I believe our system of taxation should be set up in such a way that, when hard times come, all groups of our people will bear their reasonable share of the depression according to their ability to bear it.

During the last great depression many of our people were compelled to use up their entire life-savings, and to-day are penniless, while many others of our people still have their large fortunes intact. From a truly democratic point of view this should not be permitted. Our people are reasonable and do not expect us to accomplish the impossible. and when hard times come I do not think anyone would complain if everyone shared the hard times according to his or her ability. I therefore urge that the major part of our revenues should be collected by way of income tax, because in this way taxation would be paid according to one's actual yearly receipts.

What about other calamities which were to befall us as a result of the 1935 trade agreement? Well, we still have our birthright, Lanark notwithstanding. The union jack is still flying over Canada, Hamilton West notwithstanding. And what about the agricultural implement business? The hon. member for Davenport prophesied that a reduction in the tariff to 12½ per cent, to use his own words, might wipe the agricultural implement industry out of business. But we reduced the tariff still further, down to seven

per cent in 1937, and we find now that the manufacturer of agricultural implements in Canada increased his production by thirty-eight per cent over 1935. The following are the production figures:

1935	$13,692,000
1937	18,961,000

What about the prophecy of the hon. member for Leeds, that "the investment of capital in industry will be discouraged."? If he has troubled to look up the figures he must have been simply shocked, because he would have found that instead of investment of capital in industry being discouraged in Ontario, the province from which he comes, Ontario manufacturers increased their factory construction figures from $3,645,000 in 1935 to $17,932,600 in 1937. The total industrial construction for Ontario for the three years, 1935, 1936 and 1937, was as follows:

1935	$ 3,645,000
1936	7,207,400
1937	17,932,000

Does that look as if the investment of capital in industry were being discouraged? In view of all this record of prophecies compared with actual achievements, is it any wonder I suggest that the electors will not pay too much attention to fresh prophecies from these same hon. gentlemen?

I should now like to direct my remarks to the fruit and vegetable industry. First, a few remarks in regard to the size of the industry. The house may be surprised to learn that at the bureau of statistics there is no information available respecting the vegetable industry other than that contained in the 1931 census. This is an extremely unsatisfactory and unbusinesslike state of affairs, and I should like to impress upon the minister the urgent necessity of an up-to-date record in regard to this industry.

In 1931 the total production of vegetables was approximately $33,000,000. Those who have been closely in touch with this industry know what a spectacular increase in production has since taken place. In January of this year, Messrs. Davis and Ritchie presented to the Ontario Vegetable Growers Association at Hamilton a report in which they estimated that, exclusive of field crops of potatoes, Canada has 627,000 acres devoted to the production of vegetables, now producing annually $90,000,000 worth of vegetables. Doctor Hopper, of the Department of Agriculture, has prepared an estimate based upon the per capita consumption of vegetables at Ottawa and Toronto, where accurate figures are available, and his estimate of Canada's production of vegetables is $86,000,000. After carefully checking the figures and the deductions on which these estimates are based I am convinced that both of them will be found to be extremely conservative. In any event, it will be seen that production in this industry has nearly trebled in the last eight years. This great increase in volume has been brought about from several causes:

1. Trucking facilities have brought into production thousands of acres of land which previously were not accessible to large markets.

2. The medical profession has in recent years stressed the importance of fresh vegetables from a health point of view. Many of the important vitamins required in a properly balanced diet can be obtained only through the use of fresh vegetables.

3. Many farmers who, prior to the depression, were raising only grain, cattle, dairy produce and hogs, started raising vegetables to enhance their incomes. This, in turn, depressed the price of vegetables and compelled vegetable growers to step up their production in order to survive. The combined result of all of these factors has been to increase the gross production from $33,000,000 in 1931 to about $90,000,000 in 1938.

In regard to tree fruits and small fruits an estimate arrived at in the same manner as that used by Doctor Hopper in regard to vegetables would place our total fruit production at about $60,000,000. This would make a total production of fruit and vegetables in Canada of about $150,000,000 annually.

Marketing facilities have not kept pace with this greatly increased production, and as a result we find wide price fluctuations which are detrimental to consumers and producers alike. We have reached a point, Mr. Speaker, where modern marketing facilities are urgently needed, and on behalf of the growers in my riding and throughout Canada I do wish to commend the Minister of Agriculture (Mr. Gardiner) for the steps which he has already taken to improve marketing facilities, and to urge upon him the necessity for adequate central markets in all large centres in this dominion. These markets would be self-liquidating as to cost. I do not know of any greater contribution that our Department of Agriculture could make at this time to this industry than the building of fruit and vegetable markets.

I should now like to give some information in regard to the amount of capital invested in this industry and also as to the cost of production in order that an accurate conclusion may be reached as to the valuable contribution which this industry makes to our national life.

On account of the scarcity of suitable lands and suitable locations for the production of fruits and vegetables, the first major problem which a grower faces is the original investment for land suitable for his operations. In the Burlington district land suitable for the growing of fruits and vegetables has under normal conditions in the past commanded a price varying from $800 to $1,000 an acre for the bare land without buildings. If we take a fifteen acre farm as perhaps the average size farm suitable for the purpose—and there are many of our growers raising vegetables, alone, on farms as small as five acres per farm—it will be seen that a capital outlay of at least $12,000 is involved. To this amount must be added the cost of suitable buildings, which will involve at least another $6,000. This total of $18,000 is still not the entire capital outlay required, because the grower also requires quite a large quantity of equipment to assist him in (a) the cultivation of the land, (b) producing and caring for plants, (c) combating all the different pests and plant blight diseases which the grower encounters, (d) packing, storage and marketing facilities. So much for the capital outlay involved. Many of our growers have from twenty to thirty thousand dollars invested in farm, farm buildings and equipment.

Now, coming to the annual operating expense involved in the production of fruits and vegetables, I should like to read into the record the actual figures of crop production and operating cost of one twenty-acre farm in my riding. A grower in the Burlington district has very kindly supplied these figures to me:

Year: 1938	
Receipts	$8,548 91
Operating costs	8,033 29
Net profit and wages of owner	$ 515 62

The following is a statement of his operating expenses, broken down:

Wages (other than his own)	$2,925 45
Baskets and containers	892 15
Fertilizer and manure	613 25
Trucking	199 24
Storage	435 55
Hydro power	253 93
Telephone	58 92
Hay, oats, straw	145 66
Seeds and plants	311 75
Spray	84 03
Maintenance of equipment	316 25
General expense	117 11
Water	100 00
Taxes	180 00
Five per cent interest on capital investment	1,400 00
Total	$8,033 29

At this point I should like to say that some of our growers are paying for water for forcing purposes as high as $900 per annum.

From these figures it will be seen that the grower, after producing crops to the value of over $8,000, at the end of a season had a net profit of $515.62 as his total compensation for his year's work. The management ability required to produce eight or nine thousand dollars worth of produce from twenty acres of land in one year is not by any means the entire story. The grower must bring real business ability to play in the sale of his crop. From its nature it is extremely perishable. Much of it must be marketed within twenty-four or forty-eight hours, otherwise it is a total loss and there is an added difficulty here in that the grower does not know actually when his various crops will mature. He is dependent upon weather conditions. Abnormal weather conditions will often mature crops rapidly, causing periodical gluts of the market; and here again real business ability must be brought into play to prevent consequent loss. Is it any wonder that our growers are asking for marketing legislation which will provide the necessary market machinery to achieve orderly marketing?

Now, as to the Liberal policy in regard to fruits and vegetables, our policy has been that the Canadian market should be preserved for the Canadian producer, while Canadian crops are available to supply our requirements, and when our own crops are not in production in sufficient quantities to supply our needs, then to permit the importation of fruits and vegetables produced elsewhere. This policy, in so far as it can be made to function, is beneficial to our producers and consumers alike.

In regard to the present trade agreement in so far as it applies to fruits and vegetables, we have received two main criticisms from the opposition.

1. The hon. member for Yale (Mr. Stirling), as reported at page 1094 of this year's *Hansard* used these words:

> For some reason or another, which I have never been able to understand, the Liberal government has it in wrong for fruits and vegetables.

I was amazed to hear such an utterance from an hon. gentleman who has been a minister of the crown and who is usually so fair in his language.

I want to cite the facts and leave it for the members of this house to judge the inaccuracy of that statement. From the years 1906 to 1930 there was very little change in

tariff rates on fruits and vegetables entering Canada. In May, 1930, the Dunning budget provided for drastic increases in the tariff on fruit and vegetables, and for the first time the principle of seasonal tariffs was adopted. This was the first effective tariff protection granted to the industry, and it was given by a Liberal administration. Then followed the Bennett administration, when rates were drastically increased. The increases under the Bennett administration raised the hopes of the growers but did not bring about any increase in price to the Canadian producer of field crops. They did, however, artificially stimulate the production of out-of-season crops in hothouses. This principle we do not believe to be economically sound. It enhances the cost to the consumer manyfold and makes no commensurate profit for the producers. Just right here—

Mr. HOMUTH: Is the hon. member opposed to hothouses?

Mr. CLEAVER: I have made the statement, and the hon. member can read it in *Hansard*.

Just right here, however, I should like to say that growers who, under the shelter of the tariff, built greenhouses for the purpose of growing vegetables in midwinter under glass have, in my opinion, a just claim for compensation for plant investment which has virtually been confiscated through a repeal of tariffs which should never have been granted. Since 1935 this government has by its two trade agreements made substantial reductions in tariffs; but in no instance has the reduction in rates been below the point where our growers have been amply protected; the reductions in tariffs which have been made in other commodities through the trade agreement of 1935 have increased the general prosperity of Canada, and in this our growers have shared. From 1932 to 1935 our growers never had higher protection for their products, and I state without fear of contradiction that our growers have never experienced three worse years in the history of the industry. If any hon. member will take the trouble to inquire of any grower, he will tell him in no uncertain terms that he does not want a return of the good old high tariff years 1932 to 1935.

Mr. SPENCE: They did not tell the hon. member that.

Mr. CLEAVER: I did not hear what was said.

Mr. SPENCE: I said that the people of Burlington did not tell the hon. member that.

Mr. CLEAVER: I should like to know how my hon. friend knows that.

Mr. SPENCE: I do know.

Mr. CLEAVER: I have talked with scores of important growers and they tell me in no uncertain terms that the three worst years ever experienced by the fruit and vegetable industry were the three high tariff years 1932 to 1935.

Mr. LENNARD: That was not caused by high tariffs though.

Mr. CLEAVER: The hon. member for Fraser Valley (Mr. Barber) gave the following schedule showing the effective tariff protection in force in 1935; rates in force after the reduction made by the 1935 agreement, and the rates which will be in force as a result of the present trade agreement. Again I should like with the permission of the house to place this schedule on the record without taking the time to read it.

Mr. SPEAKER: Only with the consent of the house.

Mr. CLEAVER: The schedule is as follows:

Vegetables	In-season period, 1935	In-season period, 1936	In-season period, 1939
Asparagus, crate 15 lbs...	$1.23	$ .89	$ .75
Beans (green), hamper 35 lbs...	1.43	.95	.67·2
Cabbage, crate 85 lbs...	2.41	1.10	.83·8
Carrots, crate 87 lbs...	2.73	1.65	.88·4
Cauliflower, crate 40 lbs...	2.06	1.04	.76·8
Celery, crate 71 lbs...	2.13	.83	.74·1
Cucumbers, hamper 55 lbs...	2.54	1.81	1.23·5
Lettuce, crate 76 lbs...	1.90	.88	.79·6
Onions, per 100 lbs...	1.50	1.08	.95
Rhubarb, box, 46 lbs...	1.50	.88	.56·6
Spinach, bushel 22 lbs...	.49½	.31	.04
Tomatoes, lug 34 lbs...	1.65	.68	.51

Take the first item, asparagus. Under the 1938 agreement the duty on asparagus has been reduced to seventy-five cents a 15-pound crate. Let us see what effect this and previous reductions had on the selling price of asparagus. This house was told by an hon. member of the Conservative opposition in 1936 that the reduction in the tariff in that year to eighty-nine cents on a 15-pound crate would lower the price to six cents a pound in Canada. Our Conservative friends must have been startled to see that no price change occurred. The following were the selling prices of No. 1 asparagus, six-inch length, for the years 1935 to 1938, both inclusive, as supplied by the Ontario Asparagus Growers' Association:

	Per pound
1935	10 c
1936	10 c
1937	10½c
1938	10 c

By the press of last week I notice that the 1939 price, notwithstanding the reduction under the trade agreement now coming into force, has already been agreed upon at 10½ cents a pound for No. 1, five-inch length, and 9¼ cents a pound for No 1, six-inch length.

Mr. LOCKHART: Is that for the six-inch length as quoted before?

Mr. CLEAVER: It is on six-inch length for 1935, 1936, 1937 and 1938. In 1939 the No. 1 grade was split into two sizes, and I was careful to quote both prices; 10½ cents for No. 1 five-inch length, and 9¼ cents for No. 1 six-inch length.

Any grower of asparagus knows that there are other factors governing the price, which are much more important than United States competition under our existing tariff protection, which is ample. Another factor to be considered is that during this period which I have mentioned, the production of asparagus has materially increased. Accurate figures are not available for the different crop years, but when I say that the canners' pack jumped from 128,000 cases in 1936 to 149,000 cases in 1937, this gives some idea of the way in which the industry is now expanding.

One could go down the whole list, item by item, to prove my statement that no damaging reductions in rates have been made. However, the hon. member for Fraser Valley was good enough to answer all his own criticisms in regard to rate reductions, and the criticisms of every hon. member opposite, in the concluding paragraphs of his speech, as reported at page 1260 of *Hansard,* which I should like to read. Apparently, when he made this speech he must have heard some of our western friends doing a little groaning. He said:

> Some of our friends, particularly members from the prairie provinces, will suggest that for instance $1.65 on a crate of berries is a high tariff. They naturally add this sum to the market value and assume that the people are going to have to pay that much more for the fruit. That is not the case. I can illustrate my statement by reference to onions. It will be noticed that in 1935 the protection on onions was $1.50 per 100 pounds, 1½ cents a pound, or $30 a ton; and I can assure hon. members that in that year onions from British Columbia sold on the market in Winnipeg at from $15 to $20 a ton.

Will any hon. member of the opposition now rise in his place and explain to the house how a reduction in tariff to $18 a ton could affect the selling price of onions selling in Winnipeg at $15 a ton?

Mr. BARBER: Why does not the hon. member give my entire statement?

Mr. CLEAVER: I have read the hon. member's criticism and findings. I am not here to propagate Tory propaganda, but I am giving the hon. member's own answer.

Mr. BARBER: But tell all the truth.

Mr. CLEAVER: I have read the entire statement—

Mr. BARBER: No, the hon. member has not.

Mr. CLEAVER: It was convincing I thought, and entirely answers the hon. member's own argument. How could a reduction in the tariff on onions to $18 a ton affect the selling price of onions selling at $15 a ton?

Mr. BARBER: Because they could not reach the Winnipeg market; that is the reason.

Mr. CLEAVER: Well, my hon. friend is able to answer that to his own satisfaction, but I suggest that his answer will not be very satisfactory to growers.

However, I should like to state that the last reductions have now brought the tariff on fruit and vegetables down to a point where perhaps there should not be much more reduction. All that we have done is to remove the hypocrisy from the existing tariff schedules and bring the tariff down to the point where there is still ample protection for our growers.

Now a word to the consumer. The effect of tariffs varies with existing conditions. In regard to an article as to which there is a combine, monopoly or quasi-monopoly, as in

the automotive industry, all the tariff protection is added by the manufacturer to the price which the consumer pays. We know that to our sorrow. On the other hand, where sufficient competition exists in the industry receiving tariff protection, the amount of the tariff protection is not added, and the resulting sale price is never in excess of cost plus a reasonable profit. The onion illustration given by my hon. friend clearly illustrates my point. For this reason, as regards a tariff to protect the fruit and vegetable industry or any other industry in which unrestrained competition exists and which is economically sound, profiteering is impossible.

To come to the second type of criticism from our friends in the opposition, this was constructive criticism in regard to the splitting of seasonal dates for the imposition of the duty and the fact that all processed fruits and vegetables entering Great Britain under the empire trade agreement should be 100 per cent Canadian content. I wish to congratulate the two hon. members of the Conservative opposition who raised these two important points.

Mr. SPEAKER: Order. I am sorry to have to tell the hon. member that his time has expired.

Mr. CLEAVER: As I have just reached the point where I am saying a word of praise for the Conservative opposition, I should like to have the leave of the house to conclude.

Mr. SPEAKER: Only with the unanimous consent of the house.

Some hon. MEMBERS: Go on.

Mr. CLEAVER: I have already made the strongest possible representations to the government with respect to both of these points, and again I wish to repeat these representations in the hope that something will be done about them.

Mr. HOMUTH: With what result?

Mr. CLEAVER: I shall come to that in a moment. The following fruits and vegetables have two distinct seasons, an early crop and a late crop, namely, cabbages, carrots, beets, beans, celery, cauliflower, lettuce, pears. As to all of these the seasonal tariff period is not sufficiently long to include both crops, unless it is split up as to time of application. Under the trade agreement split periods are provided only in regard to cabbages, beets and carrots. Unless this situation is corrected, only one-half the crop as to the other five products will be protected. We were all pleased to learn, just a few days ago, that the difficulty in regard to much of the cattle quota being taken by Mexico was promptly adjusted, and I hope the difficulty in regard to split periods for fruit and vegetables will also be adjusted.

Mr. H. G. CLARKE (Rosedale): Mr. Speaker, I have followed pretty closely the debate that has taken place so far in regard to this trade agreement, and it appears to me that members of the government are experiencing difficulty in discovering any benefits to which they can point as being likely to accrue to Canada under this arrangement. Yesterday the Minister of Justice (Mr. Lapointe) referred to what he called the delay in connection with the consideration of this treaty, and compared the length of time taken to debate the British empire trade agreements with the time that has been devoted to this agreement. It should be pointed out that the debate on the empire trade agreements required a total of twenty-six parliamentary days while on the other hand only seven parliamentary days have been devoted thus far to the discussion of the Canada-United States agreement, and we are now on the eighth day. So it is evident that there has been nothing in the way of any hold-up or delay in the consideration of this agreement. I would also suggest that if we took into account the time occupied by hon. members on the government side during this debate, with all the quotations they have read, with each taking his full forty minutes, I think it will be found that the Conservative opposition have not taken up a great deal of the time of this house in undue criticism.

In my opinion, Mr. Speaker, it is up to the government to establish in what way this treaty will relieve unemployment. It has been stated by some hon. members that this agreement could be judged only with the passage of time. But I would direct attention to the fact that it is now four years since the 1935 agreement became effective, and the unemployment question is still with us to a very marked degree. If the trade agreement of 1935 had lived up to all the promises which were made for it when it was passed, after four years we would not have the serious situation that prevails to-day in connection with unemployment.

I should also like to direct attention to another very important phase of this treaty, namely the tariffs on manufactured goods coming into Canada as compared to the

tariffs on these same goods exported from Canada to the United States. I have given some study to the tariff schedules of Canada and the United States, and I am convinced that this indicates that we in Canada are not getting a fair deal under this treaty. I have a number of articles which I should like to mention; I could place them on *Hansard*, but I suppose I shall be required to read them.

Mr. DEPUTY SPEAKER: I think the hon. member will have to read them.

Mr. CLARKE (Rosedale): I know.

Mr. HEAPS: Might I point out that we have just granted that courtesy to an hon. member opposite, and I do not see why it should not be accorded hon. members on this side as well.

Mr. CLARKE (Rosedale): I can probably read this list in the time it would take us to argue the point. The list is made up of items taken almost at random during a casual study of the tariff, and in many cases it will show that the United States duties are more than one hundred per cent higher than ours. It is as follows:

Article	Canadian tariff Per cent	United States tariff Per cent
Curtains	30	40 to 90
Silk clothing	30	65
Wood handles of all kinds	20	33⅓
Scissors and shears	30	45 plus 3½ cents to 45 plus 20 cents each, except sheep shears of certain value where duty is 22½ plus 10 cents each
Builders hardware	25	45
Electric vacuum cleaners	20	35
Hand fire extinguishers	30	45
Water meters	25	65 plus 55 cents to $4.50 each
Augers, bits and drills	35	45 to 60
Wrenches	35	45
Tools, n.o.p.	25	mostly 45
Furniture, house and office of metal	27½	45
Manufactures of silver	32½	50
Manufactures of zinc	20	45
Batteries	25	35 to 40
Gas meters	30	65 plus 55 cents each to 65 plus $4.50 each
Slide, hook or zipper fasteners	37½	66
Lamps and lanterns	27½	40 to 45
Insulators, electric	25	60 to 70
Manufactures of cement	20	30 to 40
Toys and some tables	30	70
Dolls	30	1 cent each plus 50 to 90
Fishing rods	30	55 (if valued at $10 or over, 30)
Mechanical metal toys	30	70 } few kinds } reduced 70 } to 45
Toys of all kinds, n.o.p.	30	
Toilet brushes	27 to 30	Mostly 50 plus 1 cent to 2 cents each
Fountain pens	25	40 plus 72 cents dozen
Aluminum kitchen or household hollow ware	27½	40 plus 8½ cents pound
Aluminum manufactures	27½	45
Aluminum pipes or tubes	30	45

I venture to suggest that there is hardly a kitchen in this country that does not contain from thirty to forty different kinds of cooking utensils made of either enamel or aluminum, which come into Canada under this protection.

Mr. DEACHMAN: Does my hon. friend want them to cost the kitchen more?

Mr. CLARKE (Rosedale): No. But there would be an opportunity for us to sell our goods in the United States, as they sell theirs here. We would sell them for less, there is no doubt about it.

Mr. DEACHMAN: The hon. member is asking for higher priced kitchen utensils.

Mr. CLARKE (Rosedale): I do not wish my remarks to be misconstrued. I will state definitely, however, that I believe in trade treaties, and I think that as a nation we should go into the markets of the world

and dispose of our goods, where we can profitably do so, in order that we may build up and develop our Canadian industry. I believe it is the duty of the government to assist our manufacturers of primary and secondary products in order to dispose of their products in the markets of the world, because through that medium we could give employment to thousands of Canadians.

While I do not advocate a policy of government subsidization of industry, I do feel it would be of material assistance if our government were to encourage a system designed more materially to assist our manufacturers, in order that they may be able to provide the much needed employment in Canada at the present time. The argument is often advanced that as a result of tariffs prevailing price levels are increased. To those who advance this argument I would ask: What does it matter if the prevailing prices of goods are high, if our people have not the money or means to purchase them? It would not matter if you could buy a gold brick for ten cents, if you had not the ten cents.

Mr. DEACHMAN: You bought one in 1930.

Mr. SPEAKER: Order.

Mr. CLARKE (Rosedale): If we do not give employment to our people through the efforts of our manufacturers, and through our industries, how are they going to have any money? If the men and women in the urban districts of our country find themselves unemployed, and without money or purchasing power, it is only natural that they cannot be purchasers of the products of our rural districts.

I believe it is also essential that our government should give more consideration to the diversification of industry in Canada, so that the production of commodities may be increased, and our manufacturers and industrialists may assist materially in creating a greater number of skilled workers. Unskilled men, who possess no particular qualifications to fit them for employment, are to-day unemployed, and many of these men might be trained for skilled labour. I am confident a policy of this type, if given leadership by the government, would have the effect of producing a higher standard of living among the people.

I would suggest further that if the government is sincere in their endeavour to do something for Canada, that is to provide employment, to build great Canadian industries in Canada rather than in the United States, and to increase the purchasing power of our people, then it is time they put their tariff experts to work on a revision of the duty on manufactured goods coming into Canada, so as to place this country in a position to bargain with countries which are shipping goods into the markets of Canada at tariff rates below those which apply to manufactured goods in their markets. A policy of this kind, if sincerely and diligently followed, would provide our Canadian manufacturers with a means to compete with foreign manufacturers, and especially those of the United States.

I have already cited examples which indicated that, in many cases, the duties against Canadian goods going into the markets of the United States are over one hundred per cent greater than the duty we impose against United States goods coming into competition with those of our manufacturers.

I hold in my hand an ordinary room key of a large hotel in Canada, and on it I see the words "Made in the U.S.A." This is one of a large number of small articles imported from the United States, in the production of which there is considerable labour content. If Canadians insisted upon made-in-Canada goods, we would produce these commodities and thereby give employment to our industrial workers. I believe almost all members of the house have at some time or another been in the United States and have made purchases in that country, but I am sure that on very few occasions have they seen over there a manufactured commodity labelled "Made in Canada." While visiting in the United States I have looked for articles marked in that way, and have failed to find them. I believe if any hon. member had seen such articles he would remember them, because we know they are very scarce. I have made many purchases in the United States and I believe I have never bought an article in that country labelled "Made in Canada."

This is one of the points I should like to present in an effort to show that our tariffs are onesided. When we enter the shops in Canada we find all classes of manufactured articles labelled "Made in Japan," "Made in Yugoslavia," or "Made in U.S.A." I could go on enumerating the names of countries in which articles being sold over our counters are made. I maintain that to a great extent this is the cause of unemployment in Canada. If our manufacturers, through a fair tariff arrangement, had opportunities to sell their products in other countries, we should have prosperity and very little trouble with hard times.

Is there an hon. member who conscientiously believes that under the lopsided tariff schedules

which now prevail we can achieve any measure of success in the development of Canadian industry, and thereby provide for the employment of our people? If there is such person I should like to know him.

It is a known fact that people of the United States, through a policy of protecting their own industry and giving employment to their own people at fair and equitable wage rates, have made that country one of the greatest nations of the world. Lincoln laid down the doctrine of government of the people, for the people and by the people. I believe we should adopt that policy in Canada. If we were to do so we should be taking an important step in the direction of lifting Canada out of the condition in which she is to-day, of placing ourselves back on the road to prosperity, of providing our youth with employment and our parents with the much desired and necessary purchasing power—which is so essential to the prosperity of the nation.

We have heard the argument advanced in the house that we must not antagonize the United States, and that in order to be assured of their friendliness, of necessity we must make trade agreements, with the knowledge that they will receive the lion's share. I do not believe for one moment that that is a sound argument. For over a hundred years we have lived as friendly nations, side by side, and I believe we shall continue to do so in the future. If we as a nation would make our trade treaties with the United States on the basis of a fair exchange of commodities, I believe that that government, instead of becoming antagonistic, would develop a greater respect for the government of this country and be more willing to cooperate than they were during the periods when the Hawley-Smoot and McCumber tariffs were applied against our producers.

I believe that this government stands condemned in the eyes of the business people of this country for having entered into a trade agreement without adequate knowledge of the results which might ultimately ensue. It is interesting to note that the concessions granted by the United States were considered carefully, and in no case was the slightest opportunity afforded to Canadian producers to obtain even a small percentage of the United States domestic market. Then as a further safeguard to the people of that country, the United States government has the privilege of applying quotas and regulations designed to restrict trade under any concession granted when it might interfere with home producers. As long as these tactics are used against us, I believe we should adopt similar restrictions in connection with the concessions we grant.

If there is one thing needed in connection with the making of future agreements it is to have our tariff experts and those who make recommendations to the responsible ministers make a survey of the potential trade advantages to be gained and the possible disadvantages which might be sustained. This should be done in order that we may at least know where we are going when we consider an agreement of this kind in this house. We should know the amount of labour involved in producing any particular commodity. It is a known fact that for eight or ten months prior to the signing of this agreement the tariff committee of the United States government consulted with United States producers in order to learn what concessions might be advantageous and what might be disastrous in connection with any changes in the protection under which American industry was operating. The record of this government is entirely different. We not only made a pilgrimage to Washington and accepted what they offered but we made sacrifices in the markets of the United Kingdom, the extent of which will not be known for some time to come.

I have endeavoured to be as brief as possible and I think it will be found that I have kept well within my time limit, without asking for any extension.

Mr. J. J. KINLEY (Queens-Lunenburg): Mr. Speaker, the resolution before the house asks our approval of the terms and provisions of a new Canada-United States trade agreement. This trade agreement replaces the agreement of 1935 and is now part of the tariff structure of this country. The 1935 agreement was supplanted before it had run to maturity, because of developments in the relations between Great Britain and the United States. These countries having expressed a desire to negotiate a reciprocal trade agreement, an important situation was created for Canada. Our government found it necessary to cooperate with our two greatest customers for the purpose of the extension and promotion of trade. To have refused would have certainly created a most unfavourable reaction which could not have been justified on any grounds. Under ordinary circumstances the government could have been required to carry out separate negotiations within the near future. The situation which was created really afforded an opportunity to Canada to negotiate a new immediate trade agreement with the United

States. That new trade agreement has been signed, with the result that our favourable trade relations with that country have been amplified and extended for another three years. I believe that this new arrangement will not only maintain Canada's trade position, but improve it considerably.

As far as our trade relations with Great Britain are concerned, certain amendments were made at her request. There is no doubt that certain concessions were granted but, on the other hand, there are compensations in the United States agreement which are more attractive to Canadian business generally. I know that the new agreement appeals to the people along the Atlantic coast and to the people in Queens-Lunenburg, the constituency which I have the honour to represent. These negotiations have placed Canada in harmony with her two greatest customers, the United Kingdom and our great neighbour to the south. The amendments made in the three-way agreement will no doubt justify in the minds of the British authorities a continuance without interruption of our present imperial trade relations. I think it was a splendid thing that these matters could be considered concurrently, and thus make provision for the immediate future. It produces a tariff stability which I believe is highly reassuring to business generally. To be constantly changing the tariff is disconcerting to business arrangements, and a measure of permanence is always greatly to be desired.

If we are to judge from the comments made in this house by hon. members of the Conservative party under the leader of the opposition (Mr. Manion), we must conclude that they are opposed to this agreement. I think we have here the line of demarcation between the policies of the two great parties in this country. The Liberal policy is one of extension of trade and promotion of goodwill. The Conservative party preach a doctrine of economic nationalism.

Mr. STEWART: Nonsense.

Mr. KINLEY: The hon. gentleman says "nonsense." I understand that the members of his party sometimes object to the term "economic nationalism," but how else can we define their policy when they are against a reasonable trade agreement with our nearest neighbour and our best customer?

I submit that this is a reasonable agreement. It helps the primary producer to market his products and does not imperil industry in this country. In fact, in an indirect way I think it will help the industries. Business men in Canada generally have accepted it. Leading bankers have spoken of its benefits, and trade journals have not unduly criticized its provisions.

The primary producers of this country are delighted to have, through this trade agreement a larger and a more active export market, and it is agreeably surprising, in view of the diversified interests of this country that we can have a trade agreement that is so universally accepted by all interests in Canada. It shows, Mr. Speaker, not only that the agreement itself has merit, but that the trend of public opinion generally is in favour of the promotion of trade and the breaking down of trade barriers wherever possible.

The hon. member for Rosedale (Mr. Clarke) would give the impression that this is a bad agreement so far as industry is concerned. But I will give him this credit, that he is a good Toronto Tory, and the doctrine he preaches is what we should expect. After all, trade runs two ways; when we look at the trade returns we see that the United States buys about as much from us as we buy from them, and our goods must be finding a market in that country.

A great deal has been said about the balance of trade between the United States and Canada, and the former treaty is criticized because of an unfavourable balance of trade for Canada in 1937-38. But 1937-38 was a year in which the United States suffered a recession in business, and their buying was consequently restricted. We had a favourable balance of trade with the United States in 1935-36, and also in 1936-37. Our exports of gold, it is contended, should not be included in our export figures and in the trade balance. But, Mr. Speaker, in Canada gold is produced by Canadian workmen in our own Canadian mines, and it is well to have a good customer who will take our gold and pay for it in goods. Surely gold is an export of Canadian industry.

But there are other factors, of which perhaps the tourist trade is the most important. It must be borne in mind that our tourist trade is of great value. In 1937 there was a balance in favour of Canada on this account of $132,439,000. When this is taken into consideration, along with our visible exports, it gives us a favourable balance of trade each year with the United States.

We are told that our trade relations with Great Britain are favourable because of the heavy balance of trade in Canada's favour. The same is true of the United States with relation to Great Britain, because in the year 1937, according to the annual trade statement of the United Kingdom, the United

States exported to the United Kingdom £106,075,157 worth of goods, whereas the United States bought from Great Britain only £31,418,907 worth; and that has been consistently the trend for a number of years. Great Britain is not worrying over its balance of trade with the United States, because she is steadily extending her trade relations with that country. The fact is that Great Britain is a large importer of raw materials for her factories; she is also a large importer of food supplies, and to balance her economy she depends on items of commerce that are not recorded in trade statistics.

With regard to Canadian trade it should be noted that our trade with the more important British colonies is not so favourable from the point of view of the trade balances. Imports and exports during 1938 for the more important colonies are as follows:

	Imports into Canada for consumption, 1938	Exports of Canadian merchandise, 1938
British India..	$ 9,388,687	$ 4,304,869
British East Africa..	3,287,710	921,835
British West Africa..	1,580,245	821,889
*British West Indies..	17,503,242	14,633,660
Ceylon..	6,149,515	237,788
Fiji..	2,578,271	517,790
Hong Kong..	771,290	2,024,116
Straits Settlements ..	14,586,482	2,941,655
	$56,845,442	$26,403,602

*Including Bermuda, British Guiana and British Honduras.

It will be noted that the only British colony with which we have a favourable balance of trade is Hong Kong, our imports amounting in 1938 to $771,290 and our exports to $2,024,116.

One reason why our trade balances are in our favour with Great Britain is because of the efficiency and protection given to Canadian industry. Canada is becoming highly industrialized. On the other hand, with regard to the British colonies, climate is a controlling factor. They produce things we need and they import, no doubt, to a greater extent from Great Britain than from us.

We are told, Mr. Speaker, of the hazards to which our trade will be subjected because of this new agreement. But let me quote a paragraph I saw in the press yesterday under the heading, "First month of trade pact upsets dope of its critics":

For January, the first month of the new agreement's life, Canadian sales to the United States increased by 75 per cent while imports from that country decreased by 11 per cent, and during the same period business with two of the dictator countries, Italy and Japan, shrank, even though there has been no change in the fiscal relations with them.

With regard to the balance of trade and the hazards which are supposed to be apparent in this treaty, I must refer for a moment to something that was said by the hon. leader of the opposition (Mr. Manion) to-day, when he addressed a question to a member of the government and said that United States grain was flooding Canada and being milled into flour to the great injury of Canadian grain. But grain does not come into this agreement at all; it is not an item in the treaty. There is a reference to grain unfit for food, on grain which the United States has reduced the duty from ten to five per cent. When the leader of the opposition on the orders of the day brings something before the house in an apparent attempt to show that this agreement is doing great harm with reference to an item that is not in the agreement at all, we see how the arguments of my friends to my left are calculated to show that the agreement will not work to the benefit of Canada.

Mr. STEVENS: As the leader of the opposition is not in the house, may I say that he did not imply any such thing. He merely asked a question of the minister on the orders of the day.

Mr. KINLEY: I think a reference to *Hansard* will show that he said more than that.

The hon. member for Royal (Mr. Brooks) was the first member of the house to criticize the reduction which the treaty makes in the duty on fish. Let me say that I do not agree with his conclusions; I shall presently give my reasons for disagreeing with them. I am also reminded that the hon. member for St. Lawrence-St. George (Mr. Cahan)—

Mr. BROOKS: I have not been correctly quoted. I did not criticize anything but the result of the treaty. It was not the provisions, it was the results that were being obtained from the treaty at the present time that I criticized.

Mr. KINLEY: I have *Hansard* here. The hon. member said first that the agreement had been of no benefit to the shipper and that it would be of no benefit to the fishermen. He finally said that he was satisfied that when the full force of these concessions to the United States are felt, our difficulties in this connection will be greater than they were before.

Mr. BROOKS: The results.

Mr. KINLEY: Well, we judge most things by results, but we must know. The hon. member for St. Lawrence-St. George is an

old Nova Scotian, and one would naturally expect he would say something about the provisions affecting the fishing industry of the maritime provinces. Instead of that, he made a bitter speech, calling up the unfortunate incidents of history as between our country and the United States; and he, too, appealed to nationalism; we might say that he appealed to passion and prejudice. After I heard the speech of the hon. member for St. Lawrence-St. George I was satisfied that in so far as the provisions in the agreement for the reduction of duties on fish were concerned, they were all to the good.

With regard to the fishing industry, for years efforts have been made to get something done to improve the industry, and the question always arose, how could this be accomplished? The unanimous answer to that question is that the fishing industry needs markets. This opinion is expressed very strongly in the report of the royal commission on price spreads, of which the hon. member for Kootenay East (Mr. Stevens) was the first chairman.

Mr. STEVENS: Hear, hear.

Mr. KINLEY: The hon. gentleman says "hear, hear." I think the need is apparent from the experience of past conditions as well as present conditions in the industry. The market value in Canada in 1933 of fish was $27,496,946; in 1937 it increased to $38,976,294. In 1933 the value of exports was $20,206,000, which had increased by 1937 to $28,833,000. It is assured that seventy per cent of Canada's production of fish finds a market abroad, of which the United States alone takes approximately one-half, and a larger percentage is indicated by the shipments from the maritime provinces. At present there is an over-production all along the Atlantic coast. But it is expected that the lowering of tariffs will greatly increase our exports to the United States and will create a much more healthy situation in the fishing industry.

The hon. member for Royal does not think that the fish schedules in this treaty are of any value; he believes that the agreement generally will be detrimental to Canadian industry. Well, there are people in the United States who say the same thing about their end of the bargain. I have under my hand the Congressional Record of Thursday, February 16, 1939, at page 2120 of which Mr. Treadway, a Massachusetts member of the house of representatives, said the following:

> The present trade treaty program goes under the name of "reciprocity," but it has no right to that name. Reciprocity contemplates mutual benefits, but the present program is a strictly onesided proposition in favour of foreign nations and against the interests of our own people.

With regard to the fish schedules, I find at page 2122 that Mr. Bates, a representative of Massachusetts, said:

> In connection with our domestic industries being affected, I wish to read a brief paragraph from a letter from Mr. E. H. Cooley, manager of the Massachusetts Fisheries Association, in which he states: "Canadian smoked fillets are quoted this morning on the Boston fish pier at from 11½ to 13 cents per pound, when the lowest cost of production in Boston is 14½ cents a pound, this being the cost of production, not including any profit whatever."

In other words, under that agreement Canadian fish are being sold in this country at less than the cost of production here.

So we see that in the United States congress there are pessimists, the same as there are in this house, who think that in a trade agreement everything must be on one side.

In his efforts to discredit the provision applicable to fish, the hon. member for Royal quoted an article which he said appeared in the Halifax *Herald*. Mr. Speaker, the Halifax morning papers, the *Chronicle* and the *Herald*, come to my home each day, and while the Halifax *Herald* prints the opinions of people regarding this treaty and criticizes some features of it, I have not seen anything in that paper from an editorial point of view which would indicate that they do not think the fish schedules are of great benefit to the fishermen of eastern Canada. Displayed in large type each day in the Halifax *Herald* is a list of the prices of fish at Boston. On Saturday, February 25, they were as follows:

(Prices are in dollars per hundredweight)

(Ex-vessel prices are for first sales only)

	Ex-Vessel		Wholesale
	Inshore	Offshore	
Haddock	$6 50	$6 00	$8 00–$9 00
Scrod	3 75	5 00	7 00– 8 00
Large cod	5 00–$7 00	6 00	8 00– 9 00
Market cod	5 00	5 00	7 00– 8 00
Hake	5 00	4 50–$4 60	6 50– 7 50
Pollock		3 75	5 75– 6 75

Comparing these prices with the prices received by the Nova Scotia fishermen does not indicate that they are very much depressed, and by comparison you can at once see the advantage of the United States market to Canadian fishermen. However, I am told it does not portray quite correctly the situation, as the prices are for first sales only. These, at any rate, are the prices quoted in the *Herald*.

In contrast to that, may I quote from a letter I received, dated January 5, 1939, showing the prices paid for the same kind of fish in my own riding. It refers to the trip landed by one schooner which fished on La Have. The prices paid for this trip are as follows:

	Per pound
Haddock	2¼ cents
Market cod	2¼ cents
Large cod	1½ cents
Scrod (haddock or cod)	1 cent

My informant tells me that these prices are probably higher than could be paid for large trips from the fishing banks to the eastward. Need I say more as to the value of the United States market to Canadian fishermen?

The hon. member for Royal told us a story about inferior fish being shipped to the United States. I am afraid that this story is not true. Immediately after the hon. member made his speech I wired to the largest exporters of fish in Nova Scotia a firm which does business in my constituency. They say, in answer to my telegram: "Have no knowledge of salt fish being returned." However, not being satisfied with that, I went to the Department of Fisheries and asked the deputy minister if he would wire into the field and find out the situation, as I thought this was a serious accusation against the fisheries of the maritime provinces. He wired to his chief officer at Halifax. May I quote from the reply:

> Re wire twenty-fifth have been in touch larger fish firms here North Sydney, Lunenburg, Liverpool, Lockeport, Shelburne and Yarmouth but cannot find that any shipments salt fish returned here from U.S.A. excepting one of about three hundred fifty boxes boneless cod of thirty pounds each made by Lockeport Company to A P T Company which due to Boston strike was not unloaded there Lockeport company states and it was returned to Lockeport but reshipped next boat trip and accepted.

As hon. members know, there was a strike at the Boston docks, and on that account the fish could not be handled there. They were sent back to Nova Scotia and reshipped to Boston by the next boat. But we are told because of this that bad fish is being shipped to the United States.

Mr. BROOKS: I should like to tell my hon. friend that I received my information from a reliable source, just as I presume he considers his was received.

Mr. KINLEY: Mine is official, from the Department of Fisheries. Canadian fish are of the very highest quality, naturally so. The fishing banks are about 125 miles from the port of Lunenburg, the greatest commercial fishing centre in Canada, and fish caught one day can be landed in the market the next day, whereas United States vessels fishing on the same grounds must travel five hundred miles to reach their home port. There is an old Chinese proverb that a guest and a fish never look so good after the third day. That, however, was before the days of modern refrigeration; Canadian fish has the advantage of being processed while it is still fresh. The market in the United States for Canadian fillets has been so far a quality market, and it is expected that with the reduction in duty this market will be much increased.

Mr. BROOKS: If the hon. member will permit a question, his reply was concerning salt fish only. Has he any reply concerning smoked fish?

Mr. KINLEY: Yes. Let me quote the following on that point:

> Vague rumour of two carloads frozen smoked fish returned by rail but cannot get confirmation and C.N.R. here advise no shipments such fish made from Halifax to western section province last two months. Have made inquiry through Calder re N.B. returns but he knows of none. Wire further advice if necessary. Think substantiation of statement in house should be requested.

Mr. BROOKS: Who said that?

Mr. KINLEY: That comes from an official of the department.

Let us now take, for instance, one item in the treaty—fillets, fresh or frozen. Six million pounds of these fillets were exported in 1937. Under the agreement the duty is reduced from 2½ to 1⅞ cents a pound, a reduction of ⅝ of a cent a pound. This is the only fish that is restricted to a quota, the quota being fifteen per cent of the annual consumption of the United States, domestic production plus imports, and in any case not less than 15,000,000 pounds. This means that 9,000,000 pounds more fillets, with a round fish production of about 27,000,000 pounds, can be shipped to the United States under the lower duty rates. This item alone represents a saving in duty of $41,944, and if we fill the extra quota, which naturally would be expected, it will mean a saving in duty of $114,975.

Before I pass this, the question was asked the other day, in connection with the cattle quota, whether there were any other quotas that must be shared with other countries. Yes, there are. This quota can be shared with certain other countries. But may I remind hon. members that under the present production and present exports we are entitled to 93·8 per cent of the amount going into the United States. On allocation we would be entitled to that percentage, and that is a protection for the future. For instance, there is a total importation of fillets of cod, haddock, et cetera, of 6,719,000 pounds. Last year we shipped 6,301,000 pounds. These fish were shipped in there against the tariff as it stood last year. The United States has put on a quota of 15,000,000 pounds, and it is reasonable to think that they expect us to fill that quota. It is apparent, therefore, what a great benefit that is going to be to the fishermen of the maritime provinces.

Mr. BROOKS: Are any of these fish brought in from Newfoundland and reshipped to the United States?

Mr. KINLEY: I have here the amount of fish fillets that were imported into the United States from Newfoundland last year. It was a very small amount—59,840 pounds. There is this about the fresh fish business, that our geographical position gives us a preference, because we are just overnight from the United States market. I am told that a great deal of filleted fish from Nova Scotia enters the United States by rail through the Niagara peninsula.

Fresh fish are sold by auction at the Boston fish pier each day, and by reason of our geographical position we have in the United States a natural preference over other countries in the matter of fresh fish. As their home production is their largest source of supply, and the price is controlled by the home production, any reduction in duty on fresh fish goes to the man who ships it in.

Take another item in the treaty—mackerel, fresh and frozen. On fresh mackerel the duty is reduced from two cents a pound to one cent, and on frozen mackerel from two cents to one and one-half cents a pound. This is a large reduction when you consider the price paid for the primary product. I have seen mackerel sold for less than one cent a pound. The export of mackerel in 1937 amounted to 1,805,903 pounds, a big item. But as the hon. member for Royal says, there is no provision in the trade agreement for salt mackerel. I quote his statement:

> No reduction was made in the duty on salt mackerel, although a reduction would have been of great benefit to the mackerel fisheries. This is probably due to Norway being the major supplier.

On almost every kind of fish, except salt mackerel, there is a reduction in duty, but in the opinion of my hon. friend the only thing that would benefit the fisherman would be a reduction on salt mackerel. He wants to feed the people of the United States on salt mackerel, and apparently he thinks he could do the Tory party some good by showing that there is no reduction of duty on this item in the new treaty. It is true that it is not there, because Norway is the chief source of supply, and under the most favoured nation provision the principle is that you must lower the duty first to the country which is the principal source of supply.

Mr. BROOKS: That is what I said.

Mr. KINLEY: We hope that by a circuitous route we shall get the salt mackerel in.

Mr. BROOKS: That is the kind of route you are travelling.

Mr. KINLEY: No, the route my hon. friends are travelling is this, that when every kind of fish is granted a reduction of duty, it is of no value in their eyes; the only thing that is of value in their eyes is the thing we did not get, and that is salt mackerel.

The reductions in duties on fish are very sweeping. In addition to what I have already mentioned there is a 50 per cent reduction on finnan haddie and smoked cod, hake, pollock, cusk and herring, 40 per cent on smoked salmon, 33 per cent on smoked fillets of cod, haddock, hake, pollock and cusk, of which over 3,500,000 pounds were shipped last year which means that nearly 10,000,000 pounds of round fish are caught. There is a 50 per cent reduction on halibut, salmon, swordfish, mackerel, shad, eels and sturgeon, as well as keeping free of duty for the life of the treaty such items as lobsters, scallops, oysters, clams, quahaugs and smelts, and a 50 per cent reduction on pickled and salted cod, haddock, hake, pollock and cusk. Last year the United States purchased from us approximately 25,000,000 pounds of these fish. This reduction also applies to the duty on pickled salmon and alewives, while there is a thirty-eight per cent reduction on split herring and a twenty-five per cent reduction on salted cod, haddock, hake, pollock and cusk when skinned and boned.

Some people in Nova Scotia who are enthusiastic about their own particular business, as I suppose is to be expected, complain about the relative duty as between dry salted fish with over forty-three per cent of moisture and dry salted fish with less than forty-three per cent of moisture. Here is the story. Prior to this agreement the duty on cod containing not more than forty-three per cent of moisture was 1¼ cents, which meant $1.40 on each quintal of fish; and when containing over forty-three per cent of moisture the duty was three-quarters of a cent a pound or eighty-four cents on each quintal of fish, the difference being fifty-six cents. In the trade agreement the duty on fish containing not over forty-three per cent of moisture was reduced to five-eighths of a cent a pound, which amounts to seventy cents on a quintal of fish; on fish containing over forty-three per cent of moisture the duty was reduced to three-eighths of a cent a pound or forty-two cents a quintal, the difference being twenty-eight cents. So it will be seen that the agreement is an improvement in the interests of those marketing the drier fish. It would have been very nice to get a larger reduction, but in each case the maximum reduction of fifty per cent was made. It must not be forgotten that total imports into the United States of fish with over forty-three per cent of moisture had a market value of $2,008,136, of which Canada supplied $893,524 worth. The total value of imports of fish containing not more than forty-three per cent of moisture was $150,008, of which Canada supplied $77,659 worth.

In the Mackenzie-Zwicker report, the importance of keeping the price of fish low in the foreign market, so that it will be within the price range of mass consumption, is stressed. The fact is that there is a reduction of seventy cents a quintal in the duty on dried fish, while the price of these fish to the primary producer is quoted at $4.50 a quintal for large fish and $3.75 for medium fish, so it will be seen that the duty is quite a good percentage of the primary cost.

With regard to the competition of Newfoundland, it is true that we have that competition, and they seem to have an advantage with Labrador slop fish that are sent to the Porto Rico market. It may be that Canadian and Newfoundland interests should cooperate to bring about stability in the foreign market for salted fish, because Newfoundland is much the larger producer of salted cod fish.

By reason of the British agreement we have obtained a reduction on another fish, namely kippers, from three cents to two cents a pound. The kipper is a popular fish, especially for breakfast. It will be recalled that the press, whether for the sake of advertising or as a matter of general interest, stated that President Roosevelt usually ate scrambled eggs for breakfast; but when Anthony Eden visited the United States, that handsome, stream-lined Englishman ate a kippered herring for his breakfast.

Fish is a highly perishable product; in the interests of the fishermen and the shippers I believe that with our market extended under this treaty, some provision should be made for the orderly marketing of this product, and I think this would be generally accepted as a benefit to all.

I should now like to say a word with regard to manufacturing.

Mr. DEPUTY SPEAKER: Order. I hesitate to interrupt the hon. member, but he has spoken for forty minutes.

Some hon. MEMBERS: Go on.

Some hon. MEMBERS: No.

Mr. KINLEY: I do not desire to impose upon the time of the house. I should like to have said something about manufacturing and farming, but time will not permit. I think, however, I have said enough to convince the house that so far as the fishing industry is concerned, this trade agreement is the best achievement of any government in Canada for some years. I should like to compliment the government at this time, because when the 1935 agreement was negotiated we felt rather disappointed. Now, however, after a few years of industrious endeavour on the part of members from the maritime provinces, we find that one of the major items in this trade agreement provides that fish from the maritime provinces shall have freer access to the United States market, which for many kinds of fish is our natural market, near at hand and with a large consuming population.

Mr. J. P. BARRY (Northumberland, N.B.): Mr. Speaker, I had no intention whatever of taking any part in this debate; I had intended to make what observations I thought desirable when the budget was brought down, but the hon. member for Royal (Mr. Brooks) has been kind enough to extend to me a special invitation to make my maiden speech. I should like to say to the hon. member that I look forward with pleasurable anticipation to the time when I may hear him make his first speech.

Mr. BROOKS: Would the hon. member please explain? I do not quite understand.

Mr. BARRY: Very well. I have no desire to detract at all from any glory the hon. member may have gained by the very nice essays he has read to this house.

Mr. BROOKS: I rise to a point of order. I have read no essays to this house. I never read a speech, but I have noticed that most hon. members from New Brunswick have been reading essays ever since they have been in this house.

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

Mr. BROOKS: And that applies particularly to the hon. member for King's (Mr. Grant).

Mr. DEPUTY SPEAKER: Order.

Mr. BARRY: I am quite willing to leave that to the judgment of the house. I would say to the hon. member that if he will rise in his place, open his mouth and pour forth his soul untrammeled by the written word, he will find a satisfaction that he will never experience if he continues the practice he has followed in the past.

Mr. BROOKS: I will say this, Mr. Speaker; I will meet the hon. gentleman anywhere in New Brunswick or anywhere else, on any platform, and speak entirely without notes; and that goes for any other member from that province.

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

Mr. BARRY: I did not start this; my hon. friend started it, but apparently he cannot take it.

Mr. LENNARD: You went out of your way to start it.

Mr. BARRY: You read your speech. The hon. gentleman forgets that we have in this house 180 Liberal members and thirty-five Conservatives and he also forgets that we have twenty-five Liberals from the maritime provinces while he is the only one of his party to be returned from that area.

Mr. PERLEY: And he is equal to the bunch of them.

Mr. BARRY: The hon. gentleman may think and apparently his associates agree, that he can handle the case for the Conservatives by himself, as against the twenty-five Liberals. May I say to him that I have no reason for rising in my place in the House of Commons and criticizing the government, because everything it has done has met with my approval and that of my constituents. I can well understand that perhaps the hon. member feels he has some apology to make to the people of the maritime provinces for the stand he has taken. I am sure if he recalls the year 1932, when one could buy in the county of Carleton a dozen eggs, a barrel of potatoes and a pound of butter for thirty-seven cents, he will not be so free to criticize at the present time. That seems to be enough on that score.

Perhaps at this stage it might not be a bad idea, after listening to the speeches which have been made, to consider exactly what the Prime Minister (Mr. Mackenzie King) had in mind when he went to the United States to negotiate the trade treaty. I am sure if he had any particular part of Canada in mind, then surely that part must have been the maritime provinces. Undoubtedly his prime intention was to break down trade barriers. Any hon. member who looks impartially at the trade treaty will see that undoubtedly that was one of the objects the Prime Minister had in mind. He desired to arrange matters so as to permit goods to flow out of Canada into the United States, and from that country into Canada. He desired undoubtedly to give us an opportunity to get rid of our surplus goods. He desired to allow us to get in exchange those commodities we require. In addition to that, I have no doubt he wished to destroy those feelings of enmity and ill will which had grown up between Canada and the United States and between United States and Great Britain.

Mr. SPENCE: There never was any ill will.

Mr. BARRY: As a final object I am quite sure he desired to draw the democracies of the world closer together in a bond of unity. Hon. members opposite may refer to the trade agreement as an effort towards economic appeasement, if they so desire. But call it what they may, I certainly believe, and I believe the people of Canada will agree, that was a worthy and desirable object.

There are certain things the treaty was not intended to do. May I say that I marvel at the faith and confidence which hon. members of the opposition have in the efficacy of the policies of the present government. There was no intention whatever in the minds of those who negotiated the treaty to put anything over the people of the United States. This was no horse-trading deal. Undoubtedly we desired that they should receive benefits, and that in return we should receive benefits. We had no objection to the people of the United States gaining something, and we expected that in return we would gain something. Certainly it was not the intention of

the Prime Minister to prevent United States goods from coming into this country. Above all things, never for one moment did it cross his mind that the trade treaty alone would end unemployment, start the wheels of industry to run, pay off the national debt, abolish all taxation, and fill the pockets of Canadians with money taken from the pockets of the people of the United States. Nor was it the belief of the Prime Minister that the trade treaty would make of Canada a Heaven on earth.

Mr. PERLEY: That is what he said.

Mr. GRANT: That is what Bennett said.

Mr. BARRY: This is merely a step in the right direction, and it will remove the obstructions which have been damming up channels of trade and surrounding the nations of the world with Chinese walls. In other words, it was intended to break down tariffs.

I should like for a few moments to show the house what high tariffs have done to the maritime provinces. Certainly I do not have to argue in this fashion before the people of my own constituency, because they are well aware of the truth of what I am about to say. High tariffs have raised the prices of goods to consumers, for the benefit of industrial centres. That is a statement which is accepted as truth by the people in my constituency. The policy of high tariffs has undoubtedly created discontent in the minds of people, so far as the operation of the confederation of 1867 is concerned. They feel they have been discriminated against and that they, as consumers, have been sacrificed for the benefit of manufacturing centres. The belief has stirred up animosity between the maritime and the central provinces, and between west and east. I believe no person will deny that the high tariff policy has increased unemployment from approximately 100,000 persons to about a million and a half. By destroying trade it has brought the country to the verge of financial ruin. It has stirred up international ill will, and that ill will has extended even to England. It is well known by the people in my constituency that they always have hard times under Tory governments, but that under Liberal rule they always have better times.

Mr. BROOKS: Will the hon. member say that there are good times in his constituency to-day?

Mr. BARRY: I will say they are infinitely better than they were when the Tory government was in power. I believe, if the hon. member is fair, he will admit the truth of what I said a few moments ago in connection with Carleton.

What are the arguments against the treaty? I have listened to this debate since it first began, and I am sure that the general public have reached the conclusion that the arguments against this trade treaty are based on the opinions of penny newspapers, nickel magazines and other one-man opinions; they are based on claptrap and balderdash. There has been but a single idea in mind—the personal aggrandizement of the writer. These arguments have been put forth apparently with the idea that if you throw a lot of mud, some of it will stick.

The hon. member for Royal referred to potatoes. I am surprised at his mention of potatoes in view of the unsavoury connection that vegetable has with his own party in the maritime provinces. He should have followed the example of the hon. member for Victoria-Carleton (Mr. Patterson) and mentioned the additional 12,500,000 bushels of potatoes which will be allowed into the United States market by the increased quota. Our hon. friends have picked out single items to discuss and have not considered the treaty as a whole. I do not know how one can discover its benefits unless one considers it as a unit. The trouble is that the Tories can never get out of their own backyards. Several of them, when making speeches, got lost in their own apple orchards. I wonder why it is they can never take a national view? The irony of it is that they call their policy a national policy.

I support this treaty, first, because it fulfils the intentions for which it was created. Second, it undoubtedly benefits the fishermen by fixing free entry and gives three years of stability. Third, it helps the farmer to sell his potatoes, practically the only exportable farm crop in New Brunswick. Fourth, it helps in the export of lumber and lumber products. This treaty benefits the three basic industries of my own county, namely, farming, fishing and lumbering.

Mr. A. A. BROWN (Hamilton East): Mr. Speaker, if I were to choose a mediator to bring central and eastern Canada together, it certainly would not be the last speaker (Mr. Barry).

I have no apologies to offer for continuing the debate on the trade agreement with the United States, because it materially affects the jobs and the standard of living of thousands of industrial workers in my constituency. For the past four years many of these workers have been out of employment or have been reduced to working only two or three days a week because of the tremendous increase in imports from the United States and other foreign countries. There has been at

least one result from this debate; the cattle quota has been increased. I have no doubt that when the debate is concluded we will see messengers being sent to the United States by this government in an effort to remedy the inequalities from which Canada is suffering because of this treaty.

I feel it is my duty to deal with this matter as a representative of the industrial constituency of Hamilton East. I think I should express what I believe to be the views of the people of my constituency with regard to this agreement, which the right hon. Prime Minister (Mr. Mackenzie King) said would effect a major reconstruction of the Canadian tariff. In the city of Hamilton, part of which I represent, there are about five hundred diversified industries, dealing with all forms of iron, steel, textiles, fibre, rubber, wood and food products. These industries employ some 33,000 persons, produce goods to the value of $185,000,000 a year, and pay wages and salaries to the extent of $40,000,000 annually. This is purchasing power, about which some of our friends to my left are so eagerly inquiring.

Hamilton, situated in the heart of the famous Niagara fruit belt, provides a splendid consumers' market for the many hundreds of fruit, vegetable and dairy farmers who live in the surrounding districts. Hundreds of manufacturing firms are dependent upon the iron, steel and textile industries for the materials and supplies with which to manufacture their products. Hundreds of merchants, retailers, barbers, professional men, doctors and others are dependent upon the wages and salaries of these employees. Practically all of these industries are dependent for their existence upon a reasonable amount of tariff protection. That reasonable amount of tariff protection was considerably impaired by the trade treaty of 1935 with the United States, and considerable harm was done to our industries. By the trade treaty now before the house this reasonable measure of protection is further impaired. Our industries are being handicapped by the mass production competition of the United States, and the competition of low wages and standards of living which prevail in other favoured nations which are to receive the same benefits under this agreement as the United States, without their granting any concessions to Canada.

When the Prime Minister introduced the trade agreement to the house in 1936, he and other members of his government predicted that the increase in trade which would follow that agreement would bring untold benefits to Canada, would increase our revenues, would cure our taxation troubles, would solve our unemployment problem and raise our standard of living. Those predictions of the Prime Minister were never realized. While it is true that some parts of the country received temporary benefits during the three years this treaty was in operation, the fact remains that the same problems of unemployment and taxation are with us. During that three year period Canada purchased some $320,000,000 worth of goods more than she sold to the United States—and in this figure I am not including gold. These were principally manufactured or partly manufactured goods, with a high content of labour.

When the Prime Minister introduced the present trade treaty into the house with his lengthy and somewhat political utterances, which covered some sixteen and a half pages of *Hansard*, he ignored the fact that his 1936 predictions had not been realized. He again spoke enthusiastically, even aggressively, of the benefits which Canada would receive under the new treaty. He reiterated his belief in the policy of the Liberal party, that trade was the panacea for all our political and economic problems, that trade was the basis of industrial and commercial development, that what Canada needed was trade. Canada's need of trade was emphasized on the ground that trade means increased production, increased consumption, increased distribution, increased transportation, increased employment, an increase in the standard of living, and consequently increased prosperity.

On March 17, 1938, when the United States and Canadian governments announced the signing of the new trade agreements, both issued press releases describing the benefits received and the concessions made by each party. While the Canadian release contained a fairly accurate account of those benefits and concessions, there was a lack of detail and also a lack of frankness in dealing with some of the items, while the press release issued by the United States government gave a full and complete account of the agreement, indicated quite clearly how the United States government had protected its markets by quota restrictions and then went on to give reasons to substantiate the statement that the United States benefited a great deal more than Canada from the agreement.

During his address in this debate the Minister of Trade and Commerce (Mr. Euler) placed on *Hansard* the opinions of representative people and of newspapers in support of the new trade agreement; but I noticed that the dates of those opinions and newspaper quotations were within one week of the issue of the press release, and for that reason I would not place too high a value upon them,

because I do not think sufficient time had elapsed to study the effects of the new agreement upon Canadian industry. It is only now that our manufacturers, working men, farmers and fruit and vegetable growers are beginning to experience the disastrous effects the treaty has had in Canada, and I venture to say that those whose opinions the minister quoted would, if given the opportunity, revise them even at this comparatively early date.

I also should like to place on *Hansard* some opinions on the trade agreement that have been expressed in the United States and Canada. First, I quote from an editorial in the *Labour Leader*, dated December 2, 1938:

So far as we can learn, the new treaty has not been favourably received by either the east or the west. Last week a university professor from western Canada made a statement to the effect that the west had again been sold down the river. In the same week the Ontario Vegetable Growers' Association condemned the treaty on the grounds that it would be more difficult to dispose of their crops in the home market while at the same time the Canadian manufacturers were protesting that the removal of the three per cent excise tax would penalize many industries. We also learn that communications have been pouring in to the finance department from manufacturers protesting the tax on raw materials when the finished products have been relieved of taxation.

From the *Financial Post* I quote this:

Commercial printers were amazed, alarmed and perplexed when they learned the terms of the Canada-United States trade treaty which provides for free entry of printed matter when shipped into Canada in individual packages valued at not more than one dollar.

The Toronto *Globe and Mail* of February 1 last has this heading:

Japan textiles crowd Canada. A. O. Dawson defines the position of the world's textiles as desperate.

It goes on to say:

Mr. Dawson pointed out in one product alone Canada has imported in the first half of 1938 twenty-five per cent of Japan's total exports.

In the *Financial Post* of November 26, 1938, I find this heading:

British Columbia lumbermen speculate on the effect of the trade treaty.

The article goes on to say:

British Columbia lumbermen say it is largely a matter of opinion whether the advantages given in the United States market will compensate for their sacrifice of British preference in United Kingdom.

Again the *Financial Post* says:

Lifting of three per cent import excise will effect cuts in duty up to five per cent.

Then from the Toronto *Evening Telegram* of November 18, 1938, I quote this:

Canada pays large price to open doors of trading between Britain and the United States. Yields wheat and apple preference for cattle benefits in United States.

The New York *Times* of November 18, 1938, says:

Farmers benefit under trade pact. British treaty an advantage to corn, rice, hogs, apples and citrus fruit producers. At present American wheat sold abroad is marketed at prices below domestic levels and the government makes up losses by export subsidies. The wheat concessions should go far in helping the American wheat farmer to reestablish a profitable market in Great Britain. Experts predict a fifty per cent expansion in Britain purchases of lard. The agreement likewise substantially enlarges British import quotas on pork, hams, cured pork and other products.

The Buffalo *Courier* of November 18, 1938, contains the following front page headline:

Preferred rates on Canadian shipments removed—Canadian grain will flow once more through our port—Welcome news to the thousands of grain workers who have suffered from reduced working hours since 1932.

There is no doubt that the operation of the present agreement during the past two months has affected adversely the basic steel, iron and textile industries not only in the city of Hamilton but throughout Canada. This effect will be reflected in reduced revenue, reduced purchasing power, an increase in taxation, an increase in the number of unemployed and an increase in the number on relief. In the year ending December 31, 1938, there were 19,166 individuals on relief in Hamilton, and I attribute that principally to the imports of United States manufactured goods under the 1935 agreement and to the apprehension of employers of labour as to the terms of the present agreement.

When the present government in 1936 reduced the tariff on washing machines, the Apex washer was being manufactured in Montreal by the Robert Mitchell Company. This machine is now being imported direct from the United States. The ABC washer was also being made in Canada by the Northern Electric Company, and it is now being imported in large quantities from their United States factories. My experience and observation of various industries in Hamilton have been that when the Canadian tariff is reduced beyond what may be considered the reasonable amount of protection necessary, Canadian industries that have parent companies in the United States immediately stop making their products in Canada and import direct from their factories in the United States. A reasonable protection is the amount of protection necessary to allow our manufacturers to compete with the products of other manufacturers coming into our markets. Percentage means nothing; it is simply a matter of the amount of protection necessary to enable our industries to keep their men employed.

Mr. McNIVEN: Will the hon. member indicate what amount he thinks would be necessary to accomplish the purpose he has in mind?

Mr. BROWN: I may possibly do that later on. At the present time there are about seventeen establishments in Canada making washing machines, and most of those machines have about ninety per cent British content. Further importations, which have been increasing since 1933, will so restrict the available market that I have no doubt that some of these manufacturers will have to suspend operations and follow the two industries I have already mentioned.

Since 1933 the growth of imports of washing machines has been as follows:

Year	No. of machines
1934	3,014
1935	3,380
1936	8,428
1937	16,914
1938 (June and July inclusive)	6,545

As showing further the effects of this treaty upon our industries, let me say that I received last week a letter from the manager of an advertising concern who advised me that he was losing a contract with a manufacturing company which was making machinery, because, the head of the company stated, the present treaty was putting him out of business.

I wish to deal specifically with items which affect the industries established in my own constituency, and I think that at this stage, Mr. Speaker, if the house would not object, you might call it six o'clock.

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

Thursday, March 9, 1939

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ARROW LAKES, B.C., WHARFINGER

Mr. ESLING:

1. Was W. J. Doherty appointed wharfinger at Renata, on the Arrow lakes, in British Columbia? If so, when did he assume his duties?

2. What remuneration has he received from the date of his appointment to January 31, 1939?

3. What amount is due him up to February 15, 1939?

[Mr. Brown.]

Mr. HOWE:

1. Yes. May 19, 1938.

2. He has collected thirty-nine cents and is entitled to 50 per cent as remuneration.

3. Nil.

*SUBVERSIVE PROPAGANDA

Mr. HEAPS:

1. Has the attention of the government been drawn to the activities of recently naturalized subjects actively engaged in subversive propaganda tending to create racial hatreds and animosities?

2. If it is proven, after investigation, that these persons are guilty of subversive activities, will the government revoke their naturalization certificates?

Mr. LAPOINTE (Quebec East):

1. Yes.

2. The matter is being investigated.

FOOD DONATIONS TO ALBERTA DROUGHT AREAS

Mr. JOHNSTON (Bow River):

1. Did the Alberta government make any requests to the dominion government for vegetables, fruit or fish for the drought areas during 1938?

2. If so, on what basis were the costs to be borne by: (a) the provincial government; and (b) the dominion government?

3. What costs were borne by the Saskatchewan government in respect to the dominion government's donations of apples, beans, cheese and fish for the drought areas during 1938?

Mr. GARDINER:

1. No.

2. Answered by No. 1.

3. Nil.

*SUDETEN AND OTHER EUROPEAN IMMIGRANTS

Mr. GARIEPY:

1. Is it true, as published in *La Presse* of the 4th instant, page 1, that arrangements have been completed for the transportation to Canada of a number of Sudeten people and for their settlement on farms in Alberta, Saskatchewan and British Columbia?

2. Is the government aware of these arrangements, if such exist, or of any arrangements whatsoever for the transportation to, and settlement in Canada of Sudetens or other European immigrants?

3. What is the nature, object and date of these arrangements, and who are the persons with whom the arrangements have been made?

4. When will such arrangements go into effect?

5. How many individuals will be admitted into Canada, and where will they be located by virtue of any agreement reached?

6. What is the extent of the financial responsibility, if any, assumed by the dominion government for carrying out this settlement plan?

7. Will the government submit the proposed plan of settlement for the consideration of parliament?

Mr. CRERAR: I propose to read on the orders of the day a statement that I think will answer the questions that have been asked in regard to this matter.

COLONEL GEORGE MCLEOD

Mr. KENNEDY:

1. Is Colonel George McLeod of Edmonton, Alberta, in the employ of the federal government?
2. If so, what position does he hold?
3. When was he appointed?
4. At what salary?
5. Is he allowed a per diem expense account, and, if so, how much?
6. What is the total amount he has received since his appointment: (a) in salary; (b) for expenses?

Mr. DUNNING:

1. Yes.
2. Creditors' representative on the Alberta board of review under the Farmers' Creditors Arrangement Act, 1934.
3. December 31, 1936.
4. Fees. ($25 for every full day on which he is engaged in his duties pursuant to his appointment.)
5. Yes. A travelling allowance of $10 per diem and railway expenses while travelling.
6. (a) $13,350; (b) $4,182.40.

SUDETEN IMMIGRANTS

SETTLEMENT IN CANADA OF FAMILIES FROM CZECHO-SLOVAKIA

On the orders of the day:

Hon. T. A. CRERAR (Minister of Mines and Resources): A few days ago questions were asked in regard to the matter of the proposed settlement in Canada of some Sudeten German refugees. I may say at once that there has been some misunderstanding as to the actual facts. A report, originating in London, appeared in the following Canadian press dispatch on March 3:

London, March 3.—Arrangements have been completed for the transportation of 3,000 Sudeten Germans to Canada, it was reported to-night. They will be settled in the Peace River district and in northern Saskatchewan.

The Czech government has agreed to provide the $2,000,000 which the settlers will take to Canada to establish themselves in farming communities. The money came from loans and gifts made by the British and French governments after the Munich settlement.

Canadian railway companies, it is reported, have completed arrangements to take the first group of settlers early in April.

It is understood an agreement has been reached between the Canadian and Czech governments calling for each family to take a minimum of $1,500. The new settlers will be Germans who refused to become citizens of the Reich after the Munich agreement transformed their homes from under the control of Czecho-Slovakia to that of Germany. They refused to be nazified and voluntarily gave up their homes.

Since the German occupation of the Sudeten areas the men and their women and children have been living under conditions of extreme hardship, with the Czech government providing refugee camps for them.

It is understood a majority of the new settlers are experienced farmers. They will be chosen carefully on behalf of the Canadian government but the total is not expected to exceed 3,000.

Mr. MANION: Was that all a quotation?

Mr. CRERAR: Yes, a Canadian press dispatch from London. A Prague dispatch of the fifth instant contained the following:

Prague, March 5.—Eight hundred families of former German socialists and democrats, cut adrift from their homes by Chancellor Hitler's annexation of the Sudetenland, have received permission from Ottawa to establish a village of their own in Canada, it was announced here Saturday.

The Czecho-Slovak and British governments have arranged for approximately 3,000 people to emigrate to the dominion. They will be led by two former members of the Czech Chamber of Deputies, Wenzel Jaksch and Siegfrid Taub.

Reports in London last Friday said the emigrants would be settled in the Peace River district and in northern Saskatchewan. The Prague government has allotted $1,500 to each family. This will come from the $75,000,000 which Britain recently granted Czecho-Slovakia, half as a loan and half as a gift, to aid refugees and assist in reconstruction work. . . .

Following the partition of Czecho-Slovakia as a result of the Munich settlement, an acute refugee problem arose in Czecho-Slovakia due to the fact that tens of thousands of Czech citizens of German racial origin in the Sudeten area, who had been opposed to the nazi philosophy, fled from their homes in advance of the occupation by German troops. Shortly after this, urgent inquiries were made, from London and Prague, not only of the Canadian but of other governments as well, seeking some relief for these refugees, and Canada was asked if she would take some part in helping to solve the problem. Inquiries were set afoot by our immigration branch to discover the type and background of the refugees, and it was found that they had been engaged mainly in agriculture and small village industries. They were described as a sturdy type, but without capital, since in their flight they had abandoned everything. There were thus two classes—those who might come as agriculturists, and those who might come to establish new industries in this country.

When the immigration regulations were amended by order in council in the autumn of 1930, under the previous government, provision was made for the admission of farmers with sufficient means to establish themselves in agriculture in Canada. There has been a movement of such families from year to year, averaging during the past two

or three years about five hundred families a year. These have been settled on lands purchased with their own capital, usually farms that had come into the market at a fairly low price. All this settlement has been under the auspices of the colonization branches of our two railways. From reports that the department receives from time to time, it is apparent that the work is being well done. Many of these families have been established successfully with less than $1,500.

Early in December last a delegation from Czecho-Slovakia visited Canada to see if homes could be found for some of these refugees. The delegation consisted of an official of the Czech government and two others representing the German group from the Sudeten area. Their request was fully explored. They were told that, while we could not change the immigration regulations at present in force, no objection would be raised to their inclusion in the movement of agricultural families which has been going on for several years. It was pointed out that they would be required to meet rigid examination overseas as to their physical and mental health and their general fitness for settlement. They were further advised that each family unit—and it was estimated the average family unit was about four—would be required to have on arrival in Canada at least $1,500 of capital.

After this delegation returned to London we were advised that they had succeeded in getting capital whereby these families would be provided with the financial assistance necessary to meet the conditions laid down here, and referred to a moment ago.

Canada has not undertaken any obligation or expenditure in connection with this movement. All the costs of transportation and settlement will come from funds secured from abroad. The actual task of settlement will continue to be undertaken by the colonization branches of the railways. The statement that we have agreed to take 3,000 souls, as the London report suggests, or 800 families, as the Prague report suggests, is pure guess work. We have not agreed to take any specified number. The number to be taken will depend upon the number of those found to be physically and otherwise fit. The examination as to fitness will be held overseas, and colonization officials of the railways, together with medical doctors of the department of health, and immigration officials, will cooperate in an effort to see that those who come to Canada will be an asset to this dominion. The examinations will begin shortly. The total number of this group at present in Czecho-Slovakia itself is less than half the number mentioned in press dispatches.

[Mr. Crerar.]

It should be emphasized that such of these families as come to Canada for land settlement will be located under the auspices of the colonization branches of the railways. We have no information at the moment where they will be settled, but we understand that the railways intend putting them into small groups where suitable land is available, in order to make supervision for the first few years less expensive than if they were scattered over wider areas. The report from Prague that these people are coming for village settlement is entirely erroneous.

While the methods being followed for the admission of refugees to Canada may not be satisfactory to all, I believe we are going about the matter in the way best calculated to help some of these unfortunate people, without at the same time disturbing conditions here. Many members of the house know something of the pressure on the department to open the doors wider for the admission of greater numbers than are at present coming in. It is undeniably true that the plight of hundreds of thousands of the refugees in Europe is a desperate one and must appeal to the humanitarian instincts of all. The criticism has been made that, since Canada has vast areas either thinly settled or not settled at all, with a wealth of resources that many other countries envy, we should adopt a more generous attitude in the matter of immigration and give an opportunity to worthy people to make homes for themselves in our fortunate land. We must, however, having regard to existing conditions, recognize that there are limits within which we can assist; within those limits we are trying to deal with these problems with as much consideration as can be given.

Mr. PELLETIER: I understand the Minister of Mines and Resources to say, then, that the report about which I questioned him did not come from officials of his own department, in Canada.

Mr. CRERAR: No; the reports I have read came from British and foreign dispatches.

Mr. MANION: I should like to ask two questions in connection with this matter. First, the minister mentioned the fact that other countries had been approached. Has he any record as to the numbers accepted by other countries? Secondly, are these people being settled on railway lands, or on other lands?

Mr. CRERAR: I have no information in regard to the first question. I know that representations were made to various governments—at any rate, so we were informed at the time.

In regard to the question as to where they will be settled, this matter is under the direction, shall I say, of the colonization departments of the railways, and I presume they will follow the policy they have followed in the past in respect of these settlers. In many districts there are farms which are for sale at low prices. While I have no definite information on the point, I should think it likely that the railways will be endeavouring to settle such lands. Naturally they have a direct interest in having them settled.

Mr. CHURCH: Why not look after your own people, here, first? Charity should begin at home.

Mr. HOMUTH: Can the minister guarantee that these people will not go into the large towns and cities, and that they will all be settled on the land?

Mr. CRERAR: I do not know what sort of guarantee could be secured in that respect. But I can assure my hon. friend I think the possibilities of their going into the towns and cities are very remote indeed. As a matter of fact, they are glad to get a chance to live in peace and safety.

Miss MACPHAIL: I should like to ask the Minister of Mines and Resources (Mr. Crerar) whether any provision has been made for the admission of noted professors, scientists, musicians and other persons who are being persecuted in various countries, and who would undoubtedly prove to be a great asset to whatever country they went. Such people could not come in now, according to the statement just read by the minister.

Mr. CRERAR: If their country of origin was in Europe they could not come in under the present regulations, but they could be allowed to enter by special order in council. For the information of the house I may say that in some cases where the merit was outstanding and where it was felt a contribution would be made to Canada, permission was given to enter.

Mr. POULIOT: There are too many intelligentzia in this country already.

Mr. CLARKE (Rosedale): Is sufficient investigation being made to find out whether these persons are communists? I think it is very important that a special investigation should be made in that regard.

Mr. CRERAR: As a matter of fact every family is being investigated. The information given to us, and I believe it is authentic, is that probably ninety-five per cent of these families are Roman Catholics.

Mr. LAPOINTE (Quebec East): Then they could not be communists.

Mr. FAIR: Will the medical examination of these people who are coming in be any better than it has been in the past?

Mr. CRERAR: The medical inspection will be a rigid one. I cannot admit the suggestion in my hon. friend's question that this inspection has been inadequate in the past.

Mr. POULIOT: I have just one question to ask. Suppose certain of these immigrants should be found unsatisfactory; since they are refugees, to what country will they be deported?

TRADE AGREEMENTS

CANADA-UNITED STATES—IMPORTATION OF UNITED STATES WHEAT INTO ONTARIO

On the orders of the day:

Hon. W. D. EULER (Minister of Trade and Commerce): Yesterday on the orders of the day my hon. friend the leader of the opposition (Mr. Manion) made some reference to the practice of certain Ontario mills in importing wheat from the United States, presumably to the detriment of the Ontario producers. I have since been in touch with the millers and at some considerable sacrifice to themselves they have agreed to discontinue the importations.

CANADA-UNITED STATES—CONTINUATION OF DEBATE ON MOTION FOR APPROVAL SUBJECT TO REQUIRED LEGISLATION

The house resumed from Wednesday, March 8, consideration of the motion of Mr. Mackenzie King that the house go into committee on the following proposed resolution:

That it is expedient that parliament do approve of the trade agreement entered into at Washington on the 17th day of November, 1938, between Canada and the United States of America, and that this house do approve of the same, subject to the legislation required in order to give effect to the provisions thereof.

Mr. A. A. BROWN (Hamilton East): Mr. Speaker, when the house adjourned yesterday I was referring to certain industries which had been affected adversely by the Canada-United States trade agreement. In the 1935 agreement only four items of the primary metal group, which would cover such products as bars, rods, plates, sheets, castings and forgings, were affected. In 1937 the imports of those four items amounted to $2,919,000. In the new agreement concessions are made to the United States on some forty items, the imports of which from the United States amounted to $23,000,000 in 1937. The United

States press release states that the reduction in duty on these items will improve the position of the United States producer in competition with the Canadian manufacturer.

In 1937 Canada imported machinery from the United States to the value of over $50,000,000. These importations did not include items such as aircraft, electrical apparatus, or motor vehicles. Numerous concessions have been made in this field, either the duty being bound or the tariff reduced. In the new agreement certain concessions have been made in the electrical apparatus and machinery group. In 1937 the imports from the United States of these items amounted to nearly $7,000,000. Certain reductions on some of these items were made in the 1935 agreement, and the imports increased from $4,334,000 in 1935 to $7,425,000 in 1937. Total Canadian imports from the United States in 1937 amounted to $491,000,000. The importations of non-agricultural products in that year amounted to $237,000,000. Under the present agreement duty reductions have been made on items which were imported in that year to the extent of $144,000,000. The 1935 rate has been bound on items which were imported in that year to the extent of $45,000,000. The free rate has been bound under the new agreement on items which were imported to the extent of $48,000,000. These figures do not include imports of articles the duties on which have been reduced under the most favoured nation clause, and which were imported in 1936 to the value of $74,000,000.

It is quite obvious that the reductions of the tariff and the concessions made in the 1935 agreement resulted in an increase of importations of United States goods into the Canadian market at the expense of the Canadian producers. It is also obvious that the additional concessions and reductions in duty which have been made are going to increase still further United States imports. As the Canadian market is restricted, these importations will be at the expense of the Canadian manufacturer and the Canadian workman.

During the course of the debate on this resolution I believe that the members on this side of the house have been successful in pointing out that the government did not make the proper preparations for the negotiation of such an important treaty, and that the failure to make these preparations seriously handicapped the representatives of the government during the period of negotiation; that the government was woefully ignorant of the economic condition of the industries of this country because it did not consult those industries whose interests have been affected by the agreement; that the government did not take the same precaution to protect the markets, industries and workmen of Canada as did other countries in the form of quotas and restrictions; that the manufacturing and secondary industries and Canadian workmen have been sacrificed for some temporary and speculative benefit to the cattle and lumbering industries; that the interests of the vegetable and fruit growers have been sacrificed; that this agreement has diverted traffic from Canadian to United States ports; that the government has sacrificed productive revenue in making tariff reductions, which revenue produces purchasing power, and employment, making it necessary to replace this with a non-productive tax which will create unemployment and handicap Canadian industries; that this government has sacrificed part of our British preference in our best markets in wheat, fruits, and lumber; that this agreement will cause grievous harm to our transportation system, railways and steamships, by sending traffic north and south, instead of east and west; that this treaty is not reciprocal, because the United States tariff is much higher on items entering United States markets than the tariff on the same items entering the Canadian market; that this agreement is regarded as a purely economic agreement entered into by the three countries, regardless of the fact that the Canadian government attempts to attach considerable political importance to it in order to hide its faulty workmanship.

In the course of this debate many supporters of the new trade agreement were very much concerned with obtaining the highest possible price for goods produced in their part of the country, and they were equally concerned with paying the lowest possible price for goods purchased in any other part of the country. I do not think this attitude is in the best interests of Canada. According to the Canada Year Book for 1936, there were in Canada 25,491 establishments, employing 582,874 persons, paying out in wages $590,326,000, and producing goods to the net value of $1,302,179,000. About 63 per cent of these workers are dependent on industries that pay about 61 per cent of the total wages and salaries and produce over 51 per cent of the net value of the manufacturing production in Canada. Also dependent on these industries for at least part of their employment are hundreds of engineers, doctors, lawyers, employees of telegraph and telephone companies, railway companies, steamship companies, and those engaged in wholesale or retail distribution.

Since 1935 this government has been engaged in the policy of reducing tariff protection and granting concessions in such a haphazard manner that the industrialists of this country have not been able to make any plans for the future, and this lack of confidence is reflected in the employment problem. Judging from the fruits of the trade agreements made by this government during the past four years, I think it would be better occupied in devoting more time and energy to developing the internal trade of Canada, equalizing freight rates, and inducing Canadians to buy Canadian coal, Canadian oil, Canadian farm products, and Canadian manufactured products, thus building up a stable market which the government can control, and which will provide greater purchasing power and a higher standard of living, as well as more employment for Canadian workers.

Mr. W. J. WARD (Dauphin): Mr. Speaker, it was not my intention until a very few days ago to take part in this debate, but believing as I do that this trade treaty is by all odds the most important item to come before parliament this session, if not the most important piece of legislation that has been presented to the Canadian people in this generation, and in view of the attitude of a number of members of the official opposition, including their leader, during the last few weeks, I felt that I owed it to my constituents and to the people of Canada as a whole to express my opinions in respect to this all-important piece of legislation.

I notice that the hon. leader of the opposition (Mr. Manion) is following well in the footsteps of his predecessor in the number of speeches he is making inside and outside of this house. In his address in Toronto the other day he referred to this government as being a reactionary government. When I think of the opposition to this treaty by the official Conservative party in this house I cannot but feel that they oppose it because the government is too progressive—because we are having too much free trade, they think; because of the government's introduction of penitentiary reform; because of the government's home improvement plan; because of its youth training projects; because of its prairie farm rehabilitation, and because of its various acts with respect to housing and other measures to assist the municipalities. I cannot but think that their opposition was from no other point of view than that the government has been too progressive.

I am going to pay to two or three members of the official opposition the compliment of referring for a few moments to their addresses. I took some notes while the hon. member for Hamilton East (Mr. Brown) was speaking. One of the things he said was that thousands of men had been thrown out of employment in Hamilton as a result of the 1935 trade treaty—because, in other words, this government had lowered the tariffs on manufactured goods. He went on to say that industries would be put out of business in the city of Hamilton because of the present treaty.

I can only reply that an industry or industries which cannot succeed under the terms of this treaty, substantial though the reductions are that it makes in the duties, is much too expensive a luxury for this country to afford. I say further that an industry that cannot thrive under the duties prevailing in this country at the present time, ranging as they do from 7½ to 30 per cent, is certainly too expensive for the country, and their failure must be due to incompetence or to the fact that the industry is not indigenous to the country. I would remind the house that two years ago the Right Hon. R. B. Bennett, speaking in this house, stated that there were numerous industries in Canada which should never have been allowed to establish here, that they were not indigenous to the country and had become a very real problem because of the amount of protection they required to enable them to continue to exist.

The hon. member for Hamilton East went on to say that the city of Hamilton paid in wages and salaries $40,000,000 annually. That is a very substantial sum, and we are all proud that the city of Hamilton does provide, through the medium of its industries, that amount of wages and salaries for our Canadian people. But I would remind the hon. member that the little province of Manitoba, which was formerly regarded as the postage stamp province of this dominion, produced from its farms alone from 1926 to 1930 an average yearly production of farm products amounting in value to $622,565,000. After all, therefore, the city of Hamilton, with its $40,000,000 is a very small item in the vast aggregate production of this country.

The hon. member also told us that word had come from the west that the west had been sold down the river by this treaty. I would suggest to the hon. member that he remain in his own little back yard because all the information I receive from the west is that they are hoping that nothing will happen to this trade treaty but that it may be given an opportunity to work out fully our economic salvation, and retrieve the lost trade of this country.

The hon. gentleman also spoke of two companies manufacturing washing machines in the city of Hamilton which were put out of business by the 1935 agreement. I can say only this: If there is one item in the domestic trade of Canada where the racket of protection reached a higher degree in the last few years than any other, it was the washing machine manufacturers. I would remind the house that, through the reduction in duties on washing machines which was effected by this government, the price of power machines has been reduced from twenty to forty per cent; and I can assure you, Mr. Speaker, that throughout the length and breadth of this country the housewives who were previously unable to purchase power machines will thank this government for having reduced the cost of those articles.

I intend to pay the hon. member for Waterloo South (Mr. Homuth) the compliment of a reference to his remarks. He also spoke of the industrial workers, and he told the house that forty per cent of Canada's total trade resulted from the Canadian manufacturing interests. He may have made that statement innocently; he may not have known the facts. The facts are that less than twenty-four per cent of the production of this country originates in the secondary industries. I have secured figures as to the number of people engaged in these industries, ranging from the manufacture of needles and pins to the making of locomotives. What do they amount to? From the boy who sweeps the floor to the manager of the factory, they number just 16·1 per cent of all the workers of this country. The total population dependent upon the secondary or manufacturing industries is just 1,771,000. Contrast this with agriculture, in which 3,261,000 are engaged, while in the related natural industries we have actively engaged something over 3,000,000 people. May I refer here to a pamphlet issued by one of the large Canadian grain firms, a concern not interested in the political effects of the tariff policies of any government. The writer points out that there is no hope of restoring the solvency of agriculture in this country until we secure a definite governmental policy in the direction of lower tariffs. I could give a lot more figures, but I do not intend to weary the house, and there are other matters with which I should like to deal. But I should like the hon. members for St. Paul's (Mr. Ross) and Waterloo South to realize that only sixteen per cent of the people of Canada are engaged in the secondary industries of this country, and that only twenty-four per cent of the total wealth production in Canada comes from manufacturing interests.

Mr. HARRIS: Perhaps the hon. member has also the figures of the number of employees engaged in secondary industry and in primary industry.

Mr. WARD: Yes, I have them here. The number of employees, male and female, in the manufacturing industries of Canada is 631,000.

Mr. HARRIS: Just short by 200,000.

Mr. WARD: This is taken from a publication of the bureau of statistics. I believe my hon. friend has fallen into the same trap that a number of hon. members have fallen into, that of including a myriad of other industries which really have nothing to do with manufacturing—for instance, power plants, construction, transportation, etcetera.

Mr. HARRIS: How many are employed in the primary industries?

Mr. WARD: In agriculture, 1,103,899; forestry, fishing and trapping, 96,983; mining, quarrying, oil and salt wells, et cetera, 71,608. The return also gives figures about electric light and power plants, construction, transportation, et cetera, but I take it the hon. member is not interested in those.

Mr. BAKER: May I ask the hon. gentleman whether he will not admit that the best market for those 1,100,000 engaged in agriculture is provided by the 800,000 engaged in manufacturing in Canada?

Mr. WARD: In reply to that, I would say that the part of the country which I have the honour to represent in this house must export. Up to date we have had to export about sixty per cent of our production. If we do not import, there is no hope whatever of our securing a market for the surplus products of the prairie farms.

Mr. BAKER: The hon. member has not answered my question at all.

Mr. SPEAKER: Order.

Mr. WARD: There are only eleven millions of people in Canada. We can eat only so much, and beyond that point we must export. The fishermen of Nova Scotia can consume only so much fish; the rest must be exported. Of our 400,000,000-bushel production of wheat we consume from one hundred to one hundred and ten millions, and the remainder must be exported. The same is true with regard to our cattle, our cheese, our butter, and so forth. Anyone who looks at the statements

issued from time to time by the Department of Finance cannot but be impressed with this fact, that ninety-six per cent of the total trade of the world is done in the exchange of goods for goods. That goes to show that if we do not buy we shall not sell. That is why we from the west insist that we must import goods. It is not that we want to put any Canadian industry out of business, or damage any of the other industries of this country. But it is an economic impossibility to dispose of the vast surplus of goods produced in western Canada unless they are sold in the markets of the world.

Mr. ROSS (St. Paul's): May I ask the hon. gentleman how we are going to put to work the unemployed people in our cities?

Mr. WARD: Mr. Speaker, I would remind you of the consequences of following the policy advocated the other day by the hon. member for St. Paul's. Let our minds go back to the period from 1930 to 1935. It will be recalled that step by step, as the government he supported, the government of that day, increased the tariffs, placed impositions against the importation of goods into this country, unemployment increased.

Mr. MASSEY: That is just not true.

Mr. SPEAKER: Order.

An hon. MEMBER: The hon. member cannot take it.

Mr. WARD: I have the figures here.

Mr. MASSEY: Well, look at them and read them.

Mr. WARD: I will give them in a few minutes. The hon. member for Waterloo South, addressing the house the other day, spoke of the continuous changing of tariffs on the part of this government He said:

> This continual tariff changing by the government, as I have said before in the house, is doing nothing but giving industry the jitters, and it is slowly but surely lowering the standard of living of the industrial workers of Canada. Member after member, particularly those from the western provinces, have stood in the house and demanded protection for the western wheat farmer.

I can excuse the hon. member for Waterloo South because he is a new member, but I assure the house that neither he nor any other member has at any time heard a western member ask for protection for the wheat growers. From time to time, as the hon. member for Qu'Appelle (Mr. Perley), if he were here, would agree, we have asked for something in the way of a *quid pro quo* for the enormous cost to western Canada of bonusing the secondary industries of the country for the last fifty or sixty years. We have asked for that, we are still asking for it, and we must have it. Give the wheat grower and cattle raiser of western Canada the same freedom of market to buy in as he is compelled to sell in, and we will ask for no bonus or protection of any sort.

The hon. member for St. Paul's the other day spoke of the impossibility of Canadian industrial workers competing with those of some other countries. He mentioned no names, but I presume he was referring to Japan. Since he spoke I have looked up the figures, and I find that the average wages paid in the factories in Japan are from 22 to 26 cents a day. I also looked up the wages paid to the peon or native labourer of the Argentine, and I find that those labourers are paid eleven cents a day. Now, the farmers of western Canada must compete with the eleven cent labour of the Argentine farm worker. It is true it would be a terrible thing for Canadian workers to have to compete with those of Japan and I hope they never will compete with them directly, but I would point out that the Canadian industrialists are competing in a market that is two and a half times better than the market that the western wheat grower competes in. These are facts that we must sit down and consider calmly.

I say to the representatives of eastern Canada: The problem is not all yours, for we too are facing a tremendous problem. I have farmed in western Canada for forty years; nature has made my farm one of the finest in Manitoba. I balance my books every year, I keep accounts, and I can tell you I have never produced wheat at eighty cents a bushel. If I did not engage in other things as well, in sidelines, I never could carry on, pay my taxes, and retain solvency.

Mr. HOMUTH: Has the hon. member ever heard the head of any industry, who sat in this house, complain about anything that was done for the western producer?

Mr. WARD: That is a perfectly proper question, and in answer I say, no. I have not heard anything of the sort, and that is to the credit of the industrialists of eastern Canada. But it would be quite inconsistent for protectionists to make any such complaint. Of course they would not, and we give them credit for being magnanimous enough not to complain. Moreover, I must say the west was very grateful during those terrible years of drought, especially in Saskatchewan, for the very generous donations from Ontario and Quebec in the form of clothing, fruit, vegetables, cheese, and so on. It was a wonderful thing for the drought area of western Canada, and it saved many from near starvation.

I do say, however, that the industrialists of eastern Canada overlook an important fact. They complain about the lowering of tariffs and the consequent embarrassment of their workers, but they must not forget that when you lower a tariff you do make it easier for the agriculturist to carry on.

Mr. HOMUTH: Not in farm implements.

Mr. WARD: That is one manufacture which I made it my business to look into when I visited the United States. I wanted to ascertain whether there actually was a combine in the manufacturing of farm implements, and I found to my satisfaction—or otherwise—that in my judgment there was. There is I believe a watertight combine on this continent between the United States and the Canadian manufacturers whereby implement prices remain constant on both sides of the line. That is the one item of production in Canada in which it is possible to corner or to have a combine.

May I repeat, the treaty which is now before the house is the most important item of legislation that has come before parliament in my time, and I think we should see to it that ample opportunity is given for it to prove itself. I regret, therefore, that the leader of the opposition and others should make the statements throughout the country that they do regarding the treaty. One of his friends, speaking in Toronto the other day at a Conservative convention, made a statement to which I wish to refer. The speaker was Mr. Kelso Roberts, K.C., and I presume he comes from the constituency of the hon. member for St. Paul's. I quote:

> Kelso Roberts, K.C., president of St. Paul's Riding Conservative Association, spoke briefly, emphasizing that the King government had done nothing to solve the unemployment problem and declaring that if the efforts of a Conservative government, once elected, proved as futile, he would never again appear on the platform at a Conservative meeting.

I am sure that if he knew the facts he would never again appear on a Conservative platform, because I am going to prove before I sit down that, apart from the loss of life during the great war, the most disastrous occurrence in the experience of this generation was the advent of the Conservative government in 1930. Also a good deal has been said about the six-cent bonus on dominion wheat entering Great Britain, and I intend to prove not only that it brought no grist to the mill of the western wheat growers, but on the contrary, that it cost them many millions of dollars.

I spoke a moment ago of certain statements made by the leader of the opposition. In and out of this house we have heard some rather cheap and flippant remarks from the hon. gentleman. I did not look up *Hansard* in this connection, but I did take down some of his slang words.

An hon. MEMBER: What has that to do with this trade treaty?

Mr. WARD: It has a great deal to do with it, because these words were all used in the course of his address on the treaty. Some of the epithets in which the hon. gentleman indulged were: Claptrap, twaddle, hooey. humbug, ballyhoo, pipedreams, tongue-lashings. There were a great many more, but these are just a few of the terms he made use of in discussing the treaty and other matters. I suggest that the country is looking to the leader of the opposition, the leader of one of the great parties in Canada, for leadership in ethics in this house, and not for the sort of cheap, degrading stuff we have witnessed in this debate.

An hon. MEMBER: That philosophy might fit the other side of the house too.

Mr. WARD: I said that before resuming my seat I would prove that the advent of the Bennett government was the most disastrous thing that had occurred in the lifetime of this generation, and I am going to give some figures to substantiate that statement. These figures were prepared by the bureau of statistics. I have none of my own, so that if there is anything wrong with them hon. members can thresh it out with Doctor Coats.

I will start with the year 1930. Hon. gentlemen always talk about the terrible depression in 1930 when they took power. They took office on August 22, and during the first month following the election this new wrecking crew had been getting their chisels and jimmies and drills sharpened, and preparing their powder to blast things to pieces. Taking all the records, price levels, trade figures and so on, it will be seen that they remained almost constant until about September 1, when the crash came. Had trade continued throughout that year as it had gone on until September 1, our imports would have amounted to $1,088,000,000, and I hope hon. members will keep these figures in mind. One year later our imports had fallen to $628,000,000, a reduction of over half a billion dollars, nor did it stop there. One year later, imports had dropped to $452,000,000.

Mr. MacNICOL: What about the exports?

Mr. WARD: I have the exports here, too; they are coming. By 1933, our imports had dropped to $401,000,000.

Mr. BAKER: Good business.

Mr. WARD: Yes, good business destroying trade, but there is another side to this picture. One year later, by 1934, imports had risen a little, to $513,000,000, and in 1935 they rose to $550,000,000. At the time the Conservative government went out of office our imports stood at the last figure. Then what about the exports during that same period? On the basis of September 1, 1930, figures, our exports should have stood at the end of the year at $1,087,000,000. Where were they one year later? They had dropped to $629,000,000, again a reduction of nearly half a billion dollars.

Mr. HARRIS: Did not the United States pass the 1930 tariff act during that period, which cut off our exports to that country?

Mr. WARD: Is the hon. member referring to the Hawley-Smoot tariff?

Mr. HARRIS: No, the 1930 tariff.

Mr. WARD: Well, Mr. Speaker, there is in the English language the word "alibi." I do not think there is a term that could be applied more aptly to describe some of the statements of our Conservative friends.

To continue, in 1931 our exports dropped to $629,000,000, and in the following year they fell to $554,000,000. During 1933 they rose a little, to $602,000,000, and by 1935 they had increased to $838,000,000. What happened during the following year, the first year this government was in office? Our imports rose from $620,000,000 to $835,000,000 and our exports increased from $838,000,000 to $1,027,000,000.

Mr. STEVENS: Including gold which was not included in previous years.

Mr. WARD: In 1937 our imports amounted to $808,000,000 while our exports increased to $1,125,000,000, almost back to the 1929 figure.

Mr. STEVENS: The hon. member is away out there.

Mr. WARD: The hon. gentleman can talk to Doctor Coats about these figures, because that is where I got them.

Mr. STEVENS: Nearly a billion dollars out.

Mr. WARD: A good deal has been said to the effect that all the high tariffs of the Conservative government were necessary in order to balance our trade, that we had to shut out imports in order to get our trade balanced. Let me compare what happened in this regard during the last five years of the Liberal administration with what occurred during the five years of Conservative administration. During the five years from 1926 to 1930 inclusive our annual favourable balance of trade averaged $188,000,000. From 1930 to 1935, after the wrecking crew had destroyed a large portion of our trade, that average dropped to $168,000,000. I do not care how you measure it; you cannot explain away these figures.

Mr. HARRIS: Is it quite ethical to call some hon. members a wrecking crew?

Mr. WARD: Well, I do not want to use the adjectives that were used the other day by my hon. friend's leader. Now we come to the question of the balance of internal trade.

Mr. MacNICOL: Tell us about the increase in unemployment. That is what we would like to hear.

Mr. WARD: All right. When the Conservative government came into power, on a policy of curing unemployment—

Mr. SPENCE: And they did.

Mr. WARD: —the number of unemployed was officially estimated at 117,000, according to the figures I obtained from the bureau of statistics. When they had been in power for three years the number of unemployed had increased to 840,000. I did not intend to put that on record, but the hon. member for Parkdale (Mr. Spence) prompted me to do so. If we look at the wholesale price index, taking 1926 as 100, from 1926 to 1930 inclusive the wholesale price index of farm products in Canada was 99·5. From 1930 to 1935 inclusive that figure dropped to 54·45, and during the three years this government has been in office it has risen to 76·8. Again the figures are supplied by the bureau of statistics. Now we come to the price of wheat, which, from 1926 to 1930, averaged $1.32·6 per bushel. During the period my hon. friends were in office the average price was 66·9 cents per bushel.

Mr. SPENCE: Why compare depression days with periods of good times?

Mr. WARD: I thank my hon. friend for those words, because I also have the figures for the last three years, which have been referred to by hon. members sitting near him as years of terrible depression. For the past three years the average price of wheat has been $1.16·2 per bushel.

Mr. MacNICOL: What is it to-day?

Mr. WARD: Well, we measure things by averages in this country. Then I have some further figures that are tremendously interesting. I have taken 147 items purchased by Canadian farmers and compared the cost of these items with the average of farm purchasing power, both based on 1926 as 100. For the period from 1931 to 1935 inclusive the index figure for the items the farmer buys stood at 128, while farm purchasing power was 54, only showing a differential against the farmer during that period of 74. What happened between 1936 and 1938? We find that he paid 130, or 30 above the 1926 level, but that he received 95, or within five of the 1926 level. In other words, based on average values in connection with both production and consumption, the farmers throughout Canada are 35 per cent better off than they were between 1930 and 1935.

Now, I have still another table. I said I would prove that the preference on dominion wheat entering the British market had cost the farmers of Canada many millions of dollars. The wheat policy was just like most of the other terms of the 1932 trade agreement. Let us start with the 1930 grain prices. I have figures before me, again from the bureau of statistics, which show that during 1930 we rode along on a fairly even keel until about September 1, nine days after the Bennett government took office. The trade wrecking crew hadn't got down to work before this date. They did not have their machinery started up. The blasting powder had not been assembled in the depots. They were not quite ready.

Mr. MacNICOL: It is working well now—putting men out of work.

Mr. WARD: In the 1930 crop year, wheat remained at about the dollar level until about the end of August. And then what happened? In August the price averaged 92 cents. Indeed, the figures I have show that on the day of the election, July 28, as reported in the Winnipeg *Free Press,* the average market price for wheat was 93 cents, for oats 42 cents, for barley 45 cents, for rye 56 cents, and for flax $1.85. Let us see, however, what the prices were four months later—just four months of the operation of the government that was going to reestablish all things in Canada. In that time wheat had dropped from 93 cents to 67 cents. Oats had dropped from 42 cents to 27 cents; barley, from 45 cents to 31 cents; rye from 56 cents to 33 cents, and flax from $1.85 to $1.22.

In the month of August, 1930, wheat sold at 93 cents, but in September it had dropped to 78 cents. You will recall again, Mr. Speaker, that this was during the time these amateurs were at work. Just one month later, namely in October, it had dropped to 72 cents. In November it was down to 64 cents, and in December, to 55 cents. In other words, wheat had dropped in December to just about half the price it had been in August when the Bennett government took office.

Now we come to the year 1932, when the preference was operating. I would remind hon. members that the treaty became effective on August 22, 1932. At the end of August wheat was selling for 56 cents.

In one month it had dropped to 51 cents; in two months, to 48 cents; in three months, to 46 cents, and one month later to 38 cents. That is what happened under the British preference, and that is why I say that the six per cent preference on Canadian wheat had a disastrous effect upon the wheat growers of western Canada, and instead of bringing them greater returns meant a loss to them of millions of dollars.

Mr. DENTON MASSEY (Greenwood): Mr. Speaker, perhaps I may be forgiven for not following in my arguments the speech which has just been delivered by the hon. member for Dauphin (Mr. Ward). I find it difficult to chase phantoms, vapourings and hallucinations. I will give the hon. member one figure, and one only. In December, 1935, the unemployed wage-earners in this country numbered 491,000. In December, 1938, three years after the advent to power of hon. members opposite, the unemployed numbered 472,000, showing a net reduction of only 19,000 in the number of unemployed wage-earners. In the last three years of the previous administration, namely from December, 1932, to December, 1935, there was a reduction of 221,000 in the number of unemployed, a reduction eleven and a half times as great as hon. members opposite have been able to accomplish. Those, Mr. Speaker, are figures from the bureau of statistics, the source of my hon. friend's figures.

I would remind the hon. gentleman, if I may, that world trade from 1933 to 1935 rose five points of index, whereas world trade from 1935 to 1937 rose twenty points of index. In other words, while world trade was rising only five points of index, unemployment in Canada was reduced by 221,000, and while world trade was rising twenty points of index, unemployment in Canada was reduced by only 19,000. These figures, Mr. Speaker, are also from the bureau of statistics.

I am not so much concerned with such figures as the hon. member has put upon *Hansard,* or in his use of them as I am con-

cerned with this: Throughout the length and breadth of Canada there is deepening distress which is, I believe I may say safely to hon. members opposite, a condition which should touch the heart and mind of every hon. member of this house. We should not rise in our places and by the use of "alibis" attempt to dodge that fact. We are faced with that situation. Let us not blink the fact, and let us not make stump speeches which would do credit to "ward" politicians.

I do not purpose at length to prolong the present debate on the resolution before the house. But a sense of responsibility compels me to say a few words at this stage with respect to the ratification of the Canada-United States trade treaty. I have been elected to the house to represent some 70,000 Canadians, the vast majority of whom are dependent upon industry for their livelihood. Accordingly, if a measure is introduced to the house which tends to abridge opportunities for those industrial workers who have sent me to parliament, to say the least I should be derelict in my responsibility if I did not raise my voice in protest on their behalf. Thus I make no apology to the house for speaking in protest against the present trade treaty, at least in so far as it affects the industrial worker. Unemployment, remaining as it has at a staggeringly high figure, and the uncertainty of the future of the young would-be wage-earner, present difficulties which in many cases appear to be insurmountable to the individual. Yet we in this house are being asked to approve a treaty which will deprive many Canadian workmen, now employed, of their jobs.

I shall take as an example one of the industries which are of immediate importance to my constituency. Within a stone's throw of the border of my riding is a leather company which has prospered under reasonable protection and the advantages of the Ottawa agreements of 1932. Until recently some 150 employees have been engaged in this plant in the making of patent leather alone. I am taking this industry only as an illustration. I speak with equal feeling for the security of the jobs of the workmen in any industry, for all the men and women in my riding, yes, in the whole of Canada. I speak for all men and women whose jobs are threatened as a result of the Prime Minister's negotiations at Washington last year.

Hon. members will recall that prior to 1932 an important export from the United States to the United Kingdom was patent leather, in which commodity the United States had nearly 58 per cent of the British market. In 1932 a rate of ten per cent ad valorem was imposed by the United Kingdom against United States patent leather. In 1936 only 11·8 per cent of the British patent leather market was supplied by the United States. The greatest change took place in 1934 when the import duty to the United Kingdom was increased to 15 per cent. Prior to 1932 Canada supplied less than 20 per cent of the patent leather entering the United Kingdom. As a result of the tariff of 1932, and the increase in that tariff in 1934 against the United States, while Canada still had free entry, our share of the British market in this product rose to a total of 76·2 per cent. Under the United States-United Kingdom trade agreement, on August 1, 1939, the duty on patent leather going into the United Kingdom from the United States is to be cut in half, namely to 7½ per cent, which will have the effect of restoring the market of the United Kingdom to the producers of patent leather in the United States at the expense of the Canadian workman.

I have not taken my opinion alone in this matter. I have discussed it personally with those who, as a result of their identification with this field of industry, are in a position to know the exact situation and to make an accurate prognosis. Accordingly I state that the jobs of 150 men in the particular firm to which I refer are threatened. On behalf of those who hold those jobs I raise my voice in protest to the Prime Minister of Canada, that in this tripartite treaty our preferred position should be so sacrificed. If I were to take the Prime Minister's advice, which I have no intention of doing, I would go back to my riding and tell these 150 men and women and their families that this agreement was made in the name of patriotism in order to strengthen the ties between the United Kingdom and the United States, and that they must surrender their jobs and join the ranks of the unemployed in order to bring about a closer union between these two countries That was the advice of the Prime Minister; that is what he told this house. I regret the Prime Minister is not in his seat, but does he honestly feel that such a sacrifice of livelihood is necessary, when these men and women know and when the Prime Minister himself knows that there was not, nor had there been, anything amiss or awry in the relationships between the United Kingdom and the United States?

I wonder if it is patriotic to jeopardize the jobs of Canadian workmen, especially in a time such as this? I wonder if it is patriotic to blink facts? I wonder if it is possible successfully to mix political theories and patriotism? If the relations between the United Kingdom and the United States had been strained, if as a result a treaty had been brought forward to bring together these two

nations which had been drifting apart, patriotism and the love of peace might have had to play their part. But I claim it is nothing short of fatuous to state to the people of Canada that men and women should be compelled, because of the action of the right hon. gentleman opposite, to sacrifice their jobs. Certainly his latest trade treaty will make no definite contribution to the friendly relations between the United Kingdom and the United States, about which friendly relations there is definitely not even a shadow of a doubt.

If the Prime Minister of Canada wishes to talk about patriotism, if he wishes to be patriotic; if he in the fullest sense of that noble word wishes to make a contribution to world peace, let him take steps to consolidate and cement even more closely the family of empire and give an indication to the government of the United Kingdom that Canada is still a loyal member of that family. That is the type of patriotism which Canadians from coast to coast will recognize as divorced from party politics.

I shall not take up any more of the time of the house. On behalf of the men and women whose jobs are in jeopardy as a result of this treaty I raise my voice in protest, and in accordance with what I feel to be my responsibility as their representative in this parliament I shall vote against the treaty. In doing so I place my patriotism, my love of empire, my love of peace and my desire to see friendly relations maintained between the United Kingdom and the United States second to those of no man in this chamber, not even excluding the Prime Minister himself.

Mr. V. J. POTTIER (Shelburne-Yarmouth-Clare): Mr. Speaker, I have followed one speaker after the other in this debate and I am beginning to realize the difficulty the Canadian people must have in following the reasoning of certain members of this house. We have had an illustration of this in the remarks of the two hon. gentlemen who have preceded me. The hon. member for Dauphin (Mr. Ward) spoke on behalf of the farmers in general and the west in particular in an effort to give their point of view. He was followed by the hon. member for Greenwood (Mr. Massey). The minute that hon. gentleman rose to address the house he began to lecture the hon. member for Dauphin. He suggested that he was a ward politician and was appealing to the few people in his constituency who might help him. From that he proceeded to make a fifteen minute speech on behalf of 150 employees in his own constituency.

Mr. MASSEY: No, no. The hon. member cannot put words into my mouth. I made it perfectly clear that I was using these 150 men and their jobs simply as an illustration of what may happen.

Mr. GRAY: It is a matter of opinion.

Mr. POTTIER: My sole point is that his speech is the worst kind of ward politics.

I want to take this first opportunity to congratulate the Prime Minister (Mr. Mackenzie King) and his government upon negotiating the trade treaty that is now before the house. I propose quite frankly to deal with it from the point of view of an industry in which my people are largely and deeply interested. I refer to the fishing industry, and my remarks will deal in toto with the benefits that we expect from this trade treaty.

Perhaps I should preface my remarks with a few figures to indicate the extent of the fishing industry in Canada as a whole. The total value of our fisheries last year was $38,000,000, and we exported approximately $28,000,000 worth, of which $6,000,000 went to the United Kingdom. Some $14,000,000 worth, about fifty per cent of our total exports, went to the United States. Perhaps hon. members will recall the report that Cockfield-Brown and Company made in 1932, in which it was indicated that in Canada the per capita production of fish was 120 pounds, and the per capita domestic consumption only 20·7 pounds. The latter figure has been increased in late years owing to efficient advertising and the progress made in processing and other methods since this government came into power, so that our per capita consumption is to-day approximately 30 pounds. The per capita consumption in Great Britain is 40 pounds; Norway, 70 pounds; Germany, 20 pounds; the West Indies, 33 pounds; Australia, 13 pounds; Ireland, 9 pounds. It will be seen, therefore, that we must export our fishery products in order to live. When it is realized that on the north Atlantic, owing to salinity of water and the conditions as to depth and temperature, we have the largest food fish area in the world, with some 200,000 square miles of fishing grounds adjacent to the maritime provinces, it is easy to see that my fishermen are vitally interested in the export of their products.

We have in the maritime provinces 22,500 fishermen, who produce some 435,000,000 pounds of fish, of a value of $14,500,000 in an average year. Of this $14,500,000 worth, we export in an average year, as recent years go, $7,000,000 worth, or about fifty per cent of our total production to United States. Under present world con-

ditions there are only three directions in which our exports can go: the United States, the West Indies and South America, or Europe. Owing to foreign competition, conditions in the West Indies and South America are such that we cannot hope in any large way to enter that market. Disturbed conditions in Europe and increased production by individual countries have shut off that market, so that there is only one direction in which we can hope for increased exports, and that is the United States. There is no doubt, Mr. Speaker, that so far as the maritime fishermen are concerned, their lifeline is a line of exported fish products to the United States. The importance of marketing our fish in the United States has been recognized by every commission that has investigated fishing conditions in the maritimes—the Duncan commission, the Maclean commission, the Price Spreads commission.

Before going on to the benefits we expect from this trade treaty I should like to make one point clear. Since being a member of this house I have observed a little confusion in the minds of some as to the meaning of the fishing industry. I have heard people say, and representations to this effect have been made to me, that it is simply a matter of going to sea and catching cod or some other kind of fish in the same place and getting the same price all the time. But that is not so. The fishermen catch different types of fish; they fish in different areas; they market their catch differently and get different prices. In considering a trade treaty such as this, therefore, it is well to look at it from the point of view of this group of industries rather than to concentrate on one particular detail and judge the treaty from that basis alone.

In order to see at a glance the concessions which this treaty makes on fish and fish products of the Atlantic coast, I have prepared a schedule indicating the 1930 tariff, the new treaty rate, with proportional reduction, as well as the quantity and value of our fish shipped to the United States in 1937, and the duty paid, according to the United States figures. The schedule is not a long one, and rather than take the time to read it I would ask your indulgence, Mr. Speaker, to place it on *Hansard*.

Mr. SPEAKER: The hon. member cannot place it on *Hansard* except with the unanimous consent of the house.

Some hon. MEMBERS: Carried.

Mr. POTTIER: Thank you, Mr. Speaker. I have used the 1937 figures of our exports to the United States because they are the latest I could get, and it is necessary to use the United States figures because they are related directly to the tariff items.

The schedule is as follows:

Principal concessions on fish and fish products—Atlantic coast in Canada—United States trade agreement

	Tariff rate 1930	New rate	Reduction %	Quantities lb., 1937	Value 1937	Duty paid
1. Cod, haddock, hake, pollock and cusk						
(a) Fresh or frozen						
(1) Whole or beheaded or eviscerated Without fins removed..	1 c lb.	¾c lb.	25	1,648,513	$ 76,099	$ 16,481
(2) Filleted, skinned, boned, sliced or portions.. ..	2¼c lb.	1⅞c lb.	25	8,712,655	887,537	196,034
(b) Pickled or salted						
(1) Neither skinned nor boned						
43 per cent moisture or less..	1¼c lb.	⅝c lb.	50	1,452,867	77,659	18,160
over 43 per cent moisture..	¾c lb.	⅜c lb.	50	23,150,311	893,524	173,628
(2) Skinned or boned.. ..	2 c lb.	1½c lb.	25	2,069,342	206,876	41,386
(c) Smoked						
(1) Whole beheaded or eviscerated..	2½c lb.	1¼c lb.	50	841,483	86,408	11,037
(2) Filleted, skinned, boned, sliced or portioned.. ..	3 c lb.	2 c lb.	33	1,777,823	179,723	53,334
2. Swordfish						
(a) Fresh..	2 c lb.	1 c lb.	50	1,279,503	273,662	25,590
3. Mackerel						
(a) Fresh..	2 c lb.	1 c lb.	50	1,805,903	96,092	36,118
4. Herring..						
(a) Pickled or salted containers over 15 lbs..	1 c lb.	⅝c lb.	38	2,045,546	65,526	20,455
(b) Smoked or kippered herring						
(1) Hard, dry-smoked, whole or beheaded.. ..	1¼c lb.	⅝c lb.	50	801,326	22,527	9,016
(2) Boned, whether or not skinned..	3 c lb.	1½c lb.	50	48,770	4,225	1,463
				45,633,042	$2,869,858	$602,702

We also have reductions on fresh halibut and salmon of from 2 cents to 1 cent per pound; sturgeon, fresh shad and eels from 1 cent per pound to ½ cent; frozen mackerel from 2 cents to 1½ cents; salted alewives from 1¼ cents to ⅝ cent per pound. The agreement also provides for the rebinding of free entry for fish for three years, as well as concessions for prepared and preserved fish products.

It will be seen from this schedule that the reductions have been from twenty-five to fifty per cent on practically every dutiable fish of any importance. It is important in that regard to remember that we can obtain as a maximum only a fifty per cent reduction, because the President of the United States in negotiating a trade treaty cannot go beyond a fifty per cent reduction from the existing tariff; that is the 1930 tariff. Having in mind the opposition that existed for some time in the United States to any reduction whatever on fishery items, a study of the reductions made by this treaty shows that our negotiators must have had a touch of genius to obtain the concessions they did. I well remember that back in 1933 a group of United States sea captains went aboard the *Thibault,* as a fishing delegation, directly to Washington to protest against any reduction in the duty on fishery items. I remember how they were met, and we in the maritimes are particularly sensitive to these things. One of the commissioners made this statement, and I have never forgotten it since the day I read it, because, as I saw it at least, it meant prosperity or depression to our Canadian fishermen. This was the statement Commissioner Page made to the delegates and to Captain Morrissey, as a result of their conference: "Our sympathies are absolutely with you. If there is anything we can do, you can count upon us". But that was a death blow to the Canadian fishermen at that time so far as obtaining concessions was concerned. Following the opposition in that country there was never a reduction of major importance up to the present time. An efficient campaign was organized by the national fisheries association, and notwithstanding all the obstacles, we obtained the concessions which appear in the schedules that have already been referred to.

The people of the maritimes understood the difficulties and fully appreciated the situation. They are thankful for the efforts which have been made and the results which have been obtained. The 1930 tariff can be said to have meant generally the protection of United States fishermen on certain species of fish during periods of abundant domestic production, permitting the marketing of Canadian products during periods only of scarcity in the United States. The reductions in the tariff as we have them to-day will, I believe, have these three effects. First, we are going to see an increased export to the United States during periods of scarcity. Second, we are going to see increased exports during periods of United States production. Third, we are going to have the benefits of reductions on the same volume of business that we had before the treaty. I do not believe for a moment that we are going to glut the United States market. Our equipment and our production are not such as would enable that to be done under ordinary circumstances. Supply and demand in the United States will, I believe, control the United States production, and we shall fit into that general picture.

It is difficult, of course, to foretell in dollars and cents how far exports to the United States will increase. While tariff reductions are the most important element, another factor is the capacity of our fish dealers and merchants and fishermen to take advantage of the reduction; also, conditions in the United States will have a great deal to do in determining the extent of our increased business. There are bound to be increases under these items, and those increases will benefit the individual fishermen, of the kind of whom I have a large number in my constituency, and whom I keep in mind at all times. Up to the present these men have been operating under great difficulties. I hope and believe that these concessions will relieve them of those difficulties and enable them to carry on with a greater profit.

In considering the effects of this treaty it is important to know something of the history of past changes in tariffs with the United States. I intend hurriedly to go over them.

The first major change between Canada and the United States was under the treaty which lasted from 1854 to 1866. We had free entry of fish into the United States, and our exports to that country doubled during that time.

The next phase was under the treaty of Washington. Again we had free entry of fish. In 1872 the value of our exports of fish to the United States was $1,336,000; when the treaty expired in 1885, it was $2,579,000. As a result of the termination of that treaty, and because of lack of the market which had been provided under the previous treaty, in the province of Nova Scotia alone 2,400 men dropped out of the fishing industry.

The next major change was in 1898, when, after the Spanish-American war, Puerto Rico went to the United States and tariffs were

raised. As a result of the restriction of markets our fishing industry lost 1,064 men in Nova Scotia alone.

The next major change in tariffs was in 1914, when free entry of fish into the United States was provided for under the Underwood tariff. In the previous year our exports of fish to the United States amounted to $6,914,000; by 1919 they had increased to $18,560,000.

As a result of the Fordney-McCumber tariff of 1921 business again dropped. Our sales of fish decreased from $18,560,000 in 1920 to $16,750,000 in 1929, and 2,700 Nova Scotians had to leave the industry.

As a consequence of the prohibitive 1930 tariff there was again a fall in our exports to the United States, from $16,750,000 in 1929 to $11,430,000 in 1931. Because of these two tariffs, the Fordney-McCumber and Hawley-Smoot tariffs, in the port of Yarmouth alone a fleet of more than twenty vessels was wiped out. It was impossible for our fishermen successfully to prosecute the industry under those conditions. Generally speaking, over this period of years the up or down movement of the United States tariff has meant the decrease or increase of our exports to that country.

So far as I can see, in the maritimes this treaty has been well received, not only by Liberals but by every sincere and well meaning Conservative, by all the better thinking people, by those who have at heart the real interests of the fishing industry. Criticism comes only from three selfish groups—I think that is a fair way to describe them. They are types which can be put into one or other of these pigeonholes. The first type of individual is he who is dealing in only one kind of fish. At the outset I referred to this element in the industry. What he wants is something like Santa Claus something which would enable him to go into every market in the world free of duty and sell fish without competition from other countries. All you will hear from that sort of person is criticism of just one detail, and from a selfish standpoint.

The second kind of critics is composed of a very few fish merchants who are anxious to get cheap fish from the fishermen. There are really very few of these among the merchants carrying on a sort of whispering campaign against this treaty. They are against the treaty because they want to continue to buy cheap fish; they are afraid that, with this added market, the fisherman will command a better price and will make them pay more for his fish.

The third sort of person from whom you hear criticism is the one who, because of political malice, has lost all sense of sincerity. He is afraid that the Liberal party has negotiated an agreement which the fisherman is going to favour. We recognize that type of critic as a subtle person, outwardly concerned for the fishermen but inwardly hopeful that the treaty will bring no benefit to the men of the maritime provinces. He is the fellow who in 1935 attacked the then treaty because it did not provide enough reductions. But now you will hear him say, "We have reductions, but they are of no value." Reductions were good in 1935, but they are no good at the present time. I think I should tell the house that in the maritime provinces we designate that sort of person as just a political humbug.

There are only these three classes criticizing the treaty from the point of view of the fisherman. First, there is the individual who is dealing in one detail of the industry; then there is the fish merchant who wants to buy cheap fish; and the third is the man whose political sense has got the better of his judgment and who is against the treaty. I say I call that third class political humbugs.

While in this critical mood, perhaps I should deal briefly with the remarks of the hon. member for Royal (Mr. Brooks) a few days ago. I take them in order. Let us take the first one. He said, as reported at page 1291 of *Hansard*:

> I quoted certain Nova Scotia periodicals and the statements of gentlemen who are interested in the fishing industry in that province. They were almost unanimous in the view that the present treaty was of practically no benefit to the fishermen.

Criticism from that class is the criticism of one who is interested in one detail of the industry, and therefore what he says cannot be regarded as qualifying him to pass judgment on behalf of the industry as a whole. I should say that he was quoting from a newspaper which, as is well known in Nova Scotia and in the maritime provinces, is "agin the government," to put it mildly. That newspaper is the Halifax *Herald*.

Mr. BROOKS: It is very much in favour of the fishermen.

Mr. POTTIER: If the hon. gentleman will listen to my speech, he will learn more about the fisheries than he knew the other day. The next statement the hon. member made was this:

> The experience of the fishing industry has been that up to the present time there is no improvement, either in markets or in prices.

I take that to mean that we have shipped no more fish. Let me refer the house to what the hon. gentleman said later on as

reported at page 1292. On page 1291 he says that there is no increase in markets, there are no improvements; and on page 1404 he makes the statement that the market has been crowded with Nova Scotia fish since the treaty took effect. I wonder which statement the hon. member wishes to have us believe—what he says on page 1291 or what he says on page 1292.

Mr. BROOKS: The hon. member is referring to a dispatch from a Boston paper which I was quoting. They are not my own words.

Mr. POTTIER: All I have to say to that is that if the hon. member did not think that what he quoted was right, he should not have quoted it. The two statements contradict each other. I will tell you why that condition is brought about. These three groups, this order of destructionists, are so few that they cannot meet together and arrive at the same argument. The result is that you will hear one argument in one place to a certain effect and another argument somewhere else, the exact opposite, and the contradiction between what is said on page 1291 and what we find on page 1292 is clear evidence of that fact. Next, he says that:

. . . the holders were not anxious to sell, and the United States buyers were not in a hurry to buy, each expecting to derive some benefit from the treaty. Time has proven that the American buyers won out. . . .

The treaty has been in force only since the first of January, 1939, and my hon. friend apparently wants the house to gauge it by the activities of what, in common parlance, I would call a group of United States gamblers as against a group of Canadian gamblers on the effects of the treaty. The fact is that we have had twice the amount of fish shipped in the month of January that we had in an average month last year in fillets; and yet it is a poor way of judging the treaty to take one month's performance in relation to the activities of two groups competing one against the other. The hon. member says further:

I understand that during the past month large quantities of salt and smoked fish have been returned to Canada as unfit for sale.

I wondered when my hon. friend spoke whether he was arguing that the fact that tariff items had been reduced had had some deteriorating effect on the fish, or whether the fish were being infected by some disease in consequence of the reduction, or whether he was arguing in favour of shipping rotten fish to the United States.

[Mr. Pottier.]

Mr. BROOKS: I was arguing that the Boston merchants did not wish to accept the fish—

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member may ask a question, but he must not interrupt the hon. member who is speaking.

Mr. BROOKS: He has no right to misinterpret my remarks.

Mr. POTTIER: I have quoted the hon. gentleman correctly, and I was placing upon his statements the constructions to which they seemed to me to be open.

Mr. BROOKS: I object not to the quotation but to the interpretation.

Mr. POTTIER: He says further:

Fresh fish, such as halibut and swordfish, are usually consigned to a commission merchant in Boston with the understanding that they will be sold at market prices which the shipper receives, less freight, duty, entry and commission. . . . My opinion is that the shipper will derive very little, if any, benefit from the treaty, and just at the present time it looks as if he might suffer a heavy loss.

The only way in which that can be interpreted, it seems to me, is that the higher the duty the more the return to the shipper. In other words, if you reduce the duty the shipper gets less money. But that is absurd and ridiculous, because if you ship articles to a foreign country the less the duty taken off the greater the return. Then he says:

I might say, Mr. Speaker, that if fifteen years ago there had been some such tariff reduction as is being made in this treaty, before the United States had spent millions of dollars on trawlers and other fishing equipment, the treaty might have been of more benefit to the fishermen of the maritime provinces.

I disagree that United States equipment is such that we cannot compete and ship fish to that country. However, in one sense I was pleased when the hon. member made this remark. In 1911 we heard the absolute opposite, that tariff reductions were injurious, and the hon. member's party carried the country on that cry. Now he says that fifteen years ago tariff reductions would have been good—of course, they are not good now. In other words, hon. members are coming gradually to the realization that the Liberals were right in 1911 when they were in favour of reduced duties, in respect of this industry in particular.

With regard to what the hon. member says, that fifteen years ago these reductions would have been good, I would remind him that his party had it in their power from 1916 to 1920 to bring about free entry of fish into the United States. If they had taken advantage

of the opportunities they had in negotiations in that period, we would have had free fish fifteen years ago. The United States, under the Underwood tariff, had given us free fish. They made representations asking our government to allow United States vessels to enter our ports. The Canadian government of that day, I submit quite negligently, lost this opportunity of concluding a treaty with the United States that would have given us free entry for our fish for fifteen years and another two years thereafter if notice of termination had been given. I should like to refer to the report of the conference between Canada and the United States, dated September 6, 1918, and dealing with fishery items. After referring to a number of matters this unanimous report was made:

> In the light of these facts your commissioners feel constrained to recommend that the Canadian duty on fresh and frozen fish not including shell fish be removed and with a view to assuring stability in the industry that the two countries enter into an agreement by which such fish will be admitted customs duty free from either country into the other, and that such arrangement remain in force for fifteen years, and thereafter until two years after the date when either party thereto shall give notice to the other of its wish to terminate the same.

I have gone into this matter very carefully, and I think if the government of that day had felt towards the fishermen as the present government feels, we would have had a fifteen-year treaty between the two countries providing for the free entry of fish, and the wishes of my hon. friend, who said that fifteen years ago tariff reductions would have been good, would have been fulfilled. When I think of the pressure that was exerted by the present government on behalf of the fishermen in the negotiation of this treaty, and compare it with the lack of interest and understanding shown by the government of 1916-20, I can see what is going to happen to this treaty when the testing time comes. The fishermen of the maritime provinces will see prominently displayed on the banner of hon. gentlemen opposite the slogan "No truck or trade with the Yankees." They realize that the Conservative party is not in favour of the reductions in tariff that have been made.

I disagree with my hon. friend when he says, as his last point, that no benefits will be derived by the individual fishermen. I think we are going to have an increase in production and also, we believe, increased revenues, so that in my opinion the fishermen will benefit from this treaty in very large measure. As an illustration I mentioned that our exports to the United States amounted to $7,000,000, half of which is dutiable and the other half free. If under this treaty we can increase the $3,500,000 that is dutiable to thrice that amount or more, it will mean that the value of our production will be increased from $14,500,000 to $20,500,000, which in turn will mean one-third more revenue to the industry as a whole. When it is remembered that this will entail practically no increase in capital cost to the fishermen, it will be seen that this will be of great benefit to them.

For a number of years past I have realized the seriousness of the situation in which our fishermen found themselves. In 1937 I stated that unless something was done we would have on the shores of the maritime provinces deserted villages with gaping cellars as monuments of bygone days. I still think that was true. I have followed the gradual trend of the satisfied and self-contained community of former days to the village or district inhabited by poor, discouraged and rather hopeless individuals who had lost every sense of security and all hope for the future. In some instances there has been an improvement since the dark days of 1933. Those conditions were brought about largely by tariff walls put up by foreign countries against the products of our fishermen. I think this treaty will help. There can be no doubt that it will bring benefits to the fishermen which otherwise they would be unable to obtain. I believe that when considering the fishing industry as it exists in Canada and the United States, divisions should be forgotten. I believe each country thereby will enjoy greater prosperity; it will mean better understanding, and trade in both directions will—

> Form in heaven's light
> One arch of peace.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, when this treaty was announced some months ago I gave expression to the view that any measure that would improve economic conditions as between Canada and the United States, or that would assist in improving the relationship existing between the United States and Great Britain, would be a worth-while effort and a good move. But I qualified that by saying that it would all depend on the terms of the treaty and the basis upon which it was negotiated and consummated. It is my intention this afternoon to approach this question, I hope without too much prejudice but with a view to analysing within the brief time at my disposal the background not only of the treaty but also of the relationship existing between Canada and the United States. By "background" of course I mean economically.

Fortunately the national and social background is all that one could desire, and of it we are all exceedingly proud. It is the economic background with which I desire to deal, having regard to the possible effect of this treaty upon Canada's trade policy as a whole.

Reference has been made, particularly by the right hon. Prime Minister (Mr. Mackenzie King) as well as by many other hon. members, to what has been termed the prevalence of economic nationalism in the world to-day, and that has been deplored. I am not going to enter upon any very extensive discussion as to whether that is good or bad, but it has been introduced and referred to repeatedly during the debate on this treaty. Furthermore, and this is why I mentioned the first point, it also has been stated that the agreements entered into at the economic conference of 1932 contributed to or aggravated the trend to economic nationalism.

With that contention I take distinct issue, and I propose to deal with it somewhat briefly. Before doing so, however, it seems to me there is a contradiction in the attitude of many hon. members who have spoken in support of the treaty. On the one hand it is argued that Canada was justified in giving concessions—and the word "sacrifices" has been used—because that contributed to the improved relationship between the United States and the United Kingdom. That is one presentation. On the other hand it is argued that Canada is realizing very marked benefits from this treaty. It must be obvious, Mr. Speaker, that you cannot take both positions. On the one hand if we are going to claim that we have been broad-minded and generous and have made sacrifices in the interests of this international amity about which we hear so much, certainly on the other hand we cannot claim that we have obtained some rich benefits out of the thing for which we sacrificed ourselves. So obviously there is considerable inconsistency in the attitude of those who support the treaty.

Now let me deal briefly with this argument that the imperial economic agreements of 1932 contributed to the extension of economic nationalism. I do not think Canada or Great Britain can be blamed in any sense whatever for economic nationalism. For no country did more, or attempted to do more to promote international amity and goodwill in the world during the last fifteen or twenty years, since the war, than did Great Britain. And certainly Canada has not done anything towards the promotion of economic nationalism in the world. Let it be remembered

that Great Britain risked everything. She risked her national existence in the interests of peace and disarmament. Year after year, and year after year, the British parliament went on participating in disarmament agreements, scrapping warships and other warlike material to the value of hundreds of millions of pounds, in the hope that the rest of the world would join in on a general policy of disarmament. And, sir, to say that Great Britain and Canada and the other dominions of the empire which joined in the Ottawa conference are responsible in any way or in any degree for economic nationalism, is a blight upon the honour, the goodwill and the good faith of Great Britain and the dominions of the British empire.

What are the facts? The facts are that following the great war—and I want to emphasize this—all down through those years, around 1923 and 1924, country after country introduced entirely new methods of international trade, forced upon them by internal conditions. Remember: I am not criticizing those countries for what they did. They did it in self defence, and out of a sense of self preservation. Those European countries—Italy, France, Germany, Austria, Poland, Roumania, Bulgaria, Greece, and other countries particularly of Europe, as well as elsewhere—learned during the war very severe lessons as to being unprepared economically to face conditions which in fact did arise out of the last war and might arise out of a second war.

And so country after country, based upon fear and experience, introduced new methods to cope with their internal difficulties. For instance, the record was placed upon *Hansard* by me several years ago with respect to Italy. Italy, one of our prominent customers, in 1923 put inhibitions and quotas upon a whole list of articles, and thereby seriously affected our trade with that country—a trade which used to be extensive. That trade has now fallen down to small figures. The decrease began in 1923; it was not after the intra-imperial agreements, at all.

We know what Russia has done; we know what Germany did. Germany, of course, was forced to it not only by economic conditions of the country but also by international exchange. The same is true of other countries; there has been difficulty in connection with getting external exchange to meet their obligations abroad. These are the factors which have forced such countries as Italy, Germany, Russia, the Netherlands and other central European countries to which I have referred to adopt extreme measures in dealing with their foreign trade policy. And it

was the introduction of these quotas, internal taxes, prohibitions, and various strange devices, plus the necessity for exchange or, I should say, the collapse of international exchange—it was all that, based upon stark fear, that was the cause of the dislocation of external trade. And it was not, I would ask the house to remember, until more than ten years after the war that the Ottawa agreements were made. Therefore to say that those agreements made at Ottawa had anything to do with the promotion of world nationalism is a statement, I believe, without foundation.

It has been asked, and particularly by the hon. member for Lambton-Kent (Mr. McKenzie)—to use his words—"What is the use of debating this treaty?" "Why should we waste the time of the house debating the treaty? It is in force, and you can do nothing about it." That is perfectly true; the treaty is in force, and nothing we can do will change it; I am satisfied of that. But, to say that that is a reason why we should be silent and not discuss this all important matter is of course ridiculous. It would be a negation of parliamentary duties and responsibilities.

I make no apologies for discussing the treaty. I believe it ought to be discussed as dispassionately and as intelligently as we can. We ought to consider the various parts of it, and we ought to discuss the major policy involved.

I want to say that in my opinion the treaty is going to have very definite and serious effects upon our external trade policy generally. Time alone will tell whether by and large, on balance, it will be beneficial or adverse. But there is no question that hon. members on either side of the house have a perfect right to express their views in the matter. That it will affect our trade with the British empire and with thirty-eight other countries, very definitely and very directly, cannot be questioned. I say that because the treaty deals with the most favoured nation proposal, or policy, which affects the trade of thirty-eight different countries to which I shall refer in a minute.

I propose to discuss the treaty from two main aspects, first as to its effect from the most favoured nation clause, and also from the financial standpoint. Perhaps before saying anything more with respect to most favoured nation treatment I might read the definition given by authorities in the customs branch. The definition of "most favoured nations" as it appears in the schedule to the customs tariff is as follows:

> In addition to enjoying the benefits of the intermediate tariff, the products of countries entitled to most favoured nation treatment shall not be subjected to higher duties or charges than those paid on like articles the produce or manufacture of any foreign countries.

That is a clear, succinct definition of what we mean when we refer to most favoured nation treatment. Probably at this time I might run over the names of the thirty-eight countries receiving most favoured nation treatment, so that hon. members will be apprised of the extent of this particular policy. They are:

Argentine Republic
Belgium (Colonies and possessions)
Bolivia
Colombia
Costa Rica
Curacao
Czechoslovakia
Denmark
Esthonia
Finland
France (Colonies and possessions)
Guam
Guatemala
Hawaii
Hayti
Hungary
Italy
Japan
Latvia
Lithuania
Luxembourg
Netherlands (Netherlands Indies, Curacao and Surinam)
Norway
Panama
Philippine Islands
Poland
Porto Rico
Portugal
Roumania
Samoa (American)
Serb (Croat and Slovene Kingdom)
Spain
Surinam
Sweden
Switzerland
United States of America
Venezuela
Virgin Islands.

These are the countries to which the most favoured nation clause in Canada's tariff applies. In other words every one of those nations will receive the full benefits of all the special deductions made in the treaty. What I am asking myself is this—and I know it is a very serious question: Did the government take care to understand and apprise themselves of the full effect of the reductions upon their trade with these other countries? It may be argued that at the present time our foreign trade is favourable to Canada. That is true. And it may therefore be argued that if we do extend the same advantages to these countries no one could complain. But there is this feature to consider: In a world which is trading to-day under bilateral agreements, in a world where nearly every country with which we deal uses quotas, inhibitions

and prohibitions of one kind or another, for Canada to, shall I say, disarm itself entirely by voluntarily giving those countries access to this territory on the full list included in this and other treaties, without receiving back from those countries one single concession—I say for us to put ourselves in that position is in my opinion a decided and definite weakness.

Let me repeat. Other countries are basing their external trade largely upon bilateral agreements, that is, agreements by which one country gives a concession for a like concession on the part of the other. We, on the other hand, have made this treaty with the United States, and every last benefit in it will be given to these other thirty-eight countries, with not a single concession being granted to us in return. Not only that, but we have no concession to offer to them. If to-morrow we try to make a trade treaty with Italy, Germany or any one of the countries the names of which I have read, and ask for some concession, that country will reply, "What have you to offer?" They will tell us that they already have the full advantage of our intermediate tariff, that they already have the full advantage of all we have given the United States, France and all these other countries. I submit that we have tied our hands so that we can have no expectation of working out bilateral agreements.

Some years ago when I was still Minister of Trade and Commerce I had in mind the abandonment of the most favoured nation policy in connection with Canadian trade. Our trade is largely with the British empire and the United States, the balance being comparatively small although not unimportant.

Mr. DUNNING: About twenty per cent.

Mr. STEVENS: For us to give away all our trading advantages, to release the others from the necessity of making concessions to us, seems to me to be an exceedingly questionable policy. I have in my hand a publication issued by the Department of Trade and Commerce and dated 1938, and I ask hon. members to listen to some excerpts which I shall read. They have heard me read the list of countries which have the most favoured nation advantage. This is what this publication has to say regarding most favoured nation agreements:

> The benefit to Canadian exports of most-favoured-nation treatment in any country depends on the customs and treaty system of the particular importing country concerned.

This is the present government speaking through its own publication. Of the countries I have mentioned, eleven have a single tariff which is open to all countries. In other words, we get no advantage over any other country. With minor exceptions, Argentina applies her tariff equally to imports from all countries. Belgium has a minimum tariff which in practice is applied equally to imports from all countries. The customs duties of Bolivia are applied equally to imports from all countries. Denmark has a single tariff schedule, and the general tariff of Italy is applicable to imports from all countries. The Netherlands has a single tariff schedule without tariff preference to any country. Norway has a single tariff schedule, and the duties of Panama apply equally to imports from all countries. Sweden has commercial treaties with various countries and has granted conventional rates of duties which, however, have been incorporated into her ordinary tariff and made applicable to all countries. Switzerland operates under a single column tariff which applies to all countries, and no preferences exist under the tariff of Venezuela. This policy by these countries of attempting to give parity to all countries makes the binding of the most favoured nation clause meaningless. My submission is that we could well afford to consider again the advisability of casting aside the most favoured nation policy as far as Canada is concerned.

I dislike quoting, but for the purpose of the record I think I should read what the United States press release had to say as to the effects of the most favoured nation feature of this treaty upon the trade of Canada. I quote:

> The actual effect, therefore, was an enduring reduction in rates on a large volume of trade. The concession by Canada of most-favoured-nation treatment meant much more than the mere removal of the differentials which formerly existed against American goods as compared with the goods of most other non-British countries. A much greater gain lay in the fact that the lower rates resulting from that provision improved the position of American producers in competition with Canadian producers of the same commodities.

That is the point in this treaty that appeals to the United States government. Then they go on to say:

> There are still hundreds of items in the Canadian tariff with respect to which the United States benefits directly by the most-favoured-nation provision—items on which the rates now being paid are lower than before 1936 solely by virtue of this provision. The imports of this group from the United States in 1937 amounted to $79,000,000.

They refer there to the hundreds of items which are in addition to those specified in the schedule to the treaty. In other words, over and above all the schedules, the United States has, by virtue of the inclusion of the most

favoured nation clause in this treaty, an advantage in trade which in 1937 amounted to $79,000,000.

I should like to refer briefly to the question of dumping, because the dumping provision has a part in this whole set-up. We have in our tariff law a section which was placed there by a distinguished minister of the Laurier government, the late Right Hon. W. S. Fielding, who is recognized as having been one of the outstanding finance ministers of Canada. He was a man whom I knew well and respected most highly. He introduced into the Canadian tariff a policy which I am sorry to say is scoffed at to-day by the Liberal party. It is not applied energetically by the government, and yet it is one of the soundest provisions in the tariff structure of this country. I refer to section 6 of the customs tariff, known as the dumping clause. What is the history of the dumping clause? I would invite the hon. member for Dauphin (Mr. Ward) and others who talk so, shall I say recklessly, about the desire of certain industries to have protection, to study the history of this clause and the doctrine which lies behind it. If they did that, I think we would hear much less railing against importers and the policy of protection in Canada. At the risk of being tedious I am going to read this section into the record. I remind the house that I conceive it to be one of the soundest pieces of doctrine ever introduced into the customs laws of this country. Section 6 reads:

> In the case of articles exported to Canada of a class or kind made or produced in Canada, if the export or actual selling price to an importer in Canada is less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to Canada at the time of its exportation to Canada, or is less than the fair market value or value for duty thereof as determined under the provisions of section thirty-six of the Customs Act—

That latter part is later than Mr. Fielding's time.

> —or is less than the value for duty thereof as determined by the minister . . . or is less than the fair market value thereof as fixed under the provisions of section forty-three of the Customs Act, there shall, in addition to the duties otherwise established, be levied, collected and paid on such article, on its importation into Canada, a special or dumping duty, equal to the difference between the said selling price of the article for export and the said fair market value thereof or value for duty thereof.

Now there are goods being imported from the United States at the present time—and from other countries as well, I think, but I have reference particularly to the United States—which are being sold in Canada for less than the fair market value in the United States; and they are entering this country in large quantities. It is a question of administration; it is not a question of Tory protection or any other form of Tory doctrine. These goods are coming in, as they have been for over thirty years, contrary to the laws of Canada, and contrary to the doctrine introduced into the laws of this country by a Liberal finance minister whose authority no Liberal member of this house would question. Yet these goods continue to come in here in definance of the law as it stands, and to the injury of Canadian production.

For example, there is a certain machine in common household use. I am not going to mention it because I do not wish to give particular instances here, for this is not the place. But a certain manufacturer in the United States makes a small number of cheap machines, less than ten per cent of his output, which are advertised for sale at about half the regular price of his general production. They get the advantage of low-price advertising. The aim is to attract interest in his product, and this firm will discharge a salesman if he sells one of these machines, or more than one, in a district in the United States. The salesmen must sell only the higher priced machine there. They can quote on the other, but all sorts of difficulties are put in the way of delivery, and they do not sell the cheap machine in the United States. They are, however, shipped into Canada and sold here in competition with our own products at a loss to the manufacturer in the United States, although they are listed there in an attempt to comply with this law. In my opinion, that is the sort of thing we are going to suffer from when this treaty comes into force because it covers a great many articles of that kind. I have merely cited one case as an illustration.

I should like now to refer briefly to the point I made a moment ago as to the difficulties of doing external trade in these days. I have before me an article written by the Hon. Rupert E. Beckett, and published in the *Monetary Times* of March 4 last, and I quote it because it is an excellent illustration of the difficulties to which I have referred and which, I warn the house and I warn the government, will, if we are not very careful, arise from this treaty because of its most favoured nation feature:

> In many other countries where British interests were well established, particularly in southeastern Europe and South America, they have been seriously jeopardized by the intrusion of political considerations and influences into the economic sphere. Fair competition British

traders can meet, but to-day the destination of business is frequently decided not by competitive efficiency but by political manoeuvres and considerations of national expediency.

That is precisely what I have been referring to here. These other countries, more or less under duress, forced by fear and anxiety, have imposed quotas and other restrictions, new and strange devices rather than deal on a competitive basis. The article continues:

A new, and more subtle, form of trading has come into vogue, in which one country undertakes to absorb another's output of a particular crop or material. A primary producing country naturally finds the prospect of securing an assured market for its products an alluring one, but in practice the interchange has proved to have considerable drawbacks. The dominant partner in the agreement, whilst itself receiving much-needed raw materials, has been able to dump inferior or unwanted goods on the other.

I quote that merely for the purpose of emphasizing the dangers of the most favoured nation feature of this agreement.

I have been speaking, Mr. Speaker, for about half an hour, and I had hoped that I might have some slight influence upon the members of the government, but I notice that neither the Minister of Finance (Mr. Dunning) nor the Minister of Justice (Mr. Lapointe) has even done me the courtesy of listening.

Mr. DUNNING: We were just discussing one of your points.

Mr. STEVENS: What is the use of wasting the time of the house discussing this or any other measure in the atmosphere that prevails in this chamber and has done so in recent times? In regard to these matters I had some serious and definite views which I was prepared to offer, not in any captious or partisan manner, but simply because I am absolutely convinced that this country must face these issues. Moreover, in 1925 I pointed out to the house that if we pursued the policy we were then pursuing, and are still pursuing, in connection with our trade with the United States, sooner or later we would reach a point where we would be economically shackled and bound to that country—and we have pretty nearly reached that stage.

When this treaty was being negotiated we should have taken up with the government of the United States the whole question of our economic relationship. We should have pointed out to them that we owed the United States, as I can show, in the neighbourhood of four and a half billion dollars, on which interest has to be paid. There are heavy capital investments in Canada which must be returned to the United States in some form and at some time. And yet, Mr. Speaker, we have been frittering away our birthright year after year, and year after year.

The hon. member for Dauphin (Mr. Ward) a few moments ago quoted figures on external trade.

Mr. MacNICOL: Did he know what they were all about?

Mr. STEVENS: I should not have minded if he did not, but he never quoted them anywhere near correctly. In one instance he was not within one billion dollars of the correct figure. He quoted our export trade figure at $1,900,000,000. I have figures before me now, on the authority of the Bank of Canada statistical summary, and for the very year the hon. member quoted the figure of $1,900,000,000, our exports were actually something over $900,000,000.

I want to call attention to a few figures. In the years from 1926 to 1938 we imported from the United States $6,516,000,000 worth of goods. In the same period we exported to them $4,285,000,000 worth of goods. In other words, there was an adverse balance of trade of some two billions of dollars in those thirteen years. Not only is that the case, but I want to impress on the house this fact, that while we can go on frittering away our patrimony for a long time yet because undoubtedly we have vast resources in this country, sooner or later we shall have to face this situation. I repeat, that in those thirteen years we have had an adverse balance of trade with the United States of $2,200,000,000, in addition to which we have to pay over $200,000,000 a year in interest. We cannot escape that fact.

This situation ought to be reviewed. I do not think it is saying anything unkind of the United States to say this, that they must realize that we are one of their heavy debtors and that we are among the best customers they have. As I said the other day, we are a debtor that is valuable to them, because our debts are in the form of investments which in the main are rendering them handsome returns. We have the right, as one business man talking to another, to say to the United States that the only way by which we can liquidate our position and maintain a liquid condition with the United States is to sell them more goods.

In nearly all the figures quoted in this debate in connection with exports to the United States, gold has been added. In the earlier years gold never was added. In recent

years, however, gold is added. I want to say further to the house, and particularly to the Minister of Finance (Mr. Dunning), who still is not listening to me—

Mr. DUNNING: On a point of order, Mr. Speaker, I am listening to the hon. member.

Mr. STEVENS: My hon. friend is not.

Mr. DUNNING: He cannot misrepresent me in that fashion.

Mr. STEVENS: My hon. friend is sitting there in a bored condition, reading a newspaper.

Mr. DUNNING: I cannot help it if the hon. member bores me, but I am listening.

Mr. STEVENS: All right. I am quite satisfied with the minister's attitude. He says I bore him.

Mr. REID: No wonder.

Mr. STEVENS: I am telling him and this government that unless they review this situation with the United States they are going to put this country under a more severe economic strain as the years go by. I can show that in connection with the newsprint industry. I can show it in connection with the gold mining industry.

Mr. DUNNING: If that is true to-day, was it not even more true when my hon. friend was Minister of Trade and Commerce?

Mr. STEVENS: I would not say so.

Mr. DUNNING: And what did he do about it?

Mr. STEVENS: What did I do about it?

Mr. DUNNING: Yes.

Mr. STEVENS: I told my hon. friend a little while ago.

An hon. MEMBER: Formed a new party.

Mr. STEVENS: I told him when I was seeking with sweet reasonableness to gain his attention—which I did not accomplish. I told him at that time that when I was a member of the then government, I recognized the situation and initiated steps to study it.

Mr. DUNNING: "To study the situation!"

Mr. STEVENS: But I left the government, and I have not had any chance to carry out what I found to be necessary. I am not saying that any great condemnation should rest upon those who have been administering this department in years gone by, but I say that the time has arrived when we ought to give consideration to the matter. That is what I am urging; and it is the lack of interest in and the lackadaisical attention of the house to these problems which really annoy me, and annoy me very much.

Some hon. MEMBERS: Oh, oh.

Mr. STEVENS: My hon. friends may laugh. I am going to say frankly now to my hon. friend the Minister of Justice (Mr. Lapointe) —and he is, I believe, the only man in the house who has been here longer than I have— that never before in my experience in parliament have I witnessed such an attempt by the forces of numbers and majority control to howl down fair discussion in this chamber as has been evident this session.

Mr. POWER: The hon. member is complaining that we are not listening to him, not that we are interrupting him.

Mr. STEVENS: No. My hon. friend knows what I am referring to. I am just going to close my remarks—and it is useless to talk— with this, that unless this parliament gets down to more serious consideration of these problems, the institution of parliament is threatened. That is what I have to say.

An hon. MEMBER: Tory propaganda.

Mr. GRAY: Ballyhoo.

Mr. STEVENS: My hon. friend can say "ballyhoo."

Mr. GRAY: That is what the hon. member's leader said.

Mr. STEVENS: My hon. friend the chief whip of the Liberal party has not the right to say very much, because he has not been here very much.

Mr. LAPOINTE (Quebec East): Another lecture.

Mr. STEVENS: I have been looking rather longingly to see him in his seat.

An hon. MEMBER: He has been ill.

Mr. STEVENS: I did not know that. He knows that if I knew he had been ill I would not say anything unkind about him. Nevertheless my hon. friend has not been here and does not know what has been going on. What I said was with no desire to be unkind to my hon. friend.

Mr. GRAY: Well, I have been reading the debates.

Mr. STEVENS: I am just throwing aside, as being utterly useless—which it is—any effort, or, rather, any further effort.

Mr. A. MacG. YOUNG (Saskatoon): Mr. Speaker, I have been very much astonished in the last minute or two at the remarks of

my hon. friend (Mr. Stevens). As a rule he is a good debater; he debates in an excellent way; but the manner in which he closed the debate to-night must leave a bad impression not only upon this house but upon this country.

It is not my intention to analyse in detail the trade agreement which is at present the subject of discussion before this house. Last year I was unfortunately absent from the house when the budget was presented and debated. I was, however, able to express privately my views to the Prime Minister (Mr. Mackenzie King) and other members of the government and, frankly, the budget of last year was disappointing to me. I believe also it was disappointing to the government itself. The government had hoped before parliament prorogued last year to be in a position to present the trade agreement, but owing to prolonged negotiations, over much of which there was no control in Canada, the date when the trade agreement was finally consummated was subsequent to prorogation. Because I was disappointed, and perhaps even somewhat critical with respect to the budget, I feel it all the more incumbent upon me now to express my views in connection with this trade agreement. I realized last year, and so stated, that it might be unwise, indeed probably would be unwise, to make some slight alterations in the tariff while at that time negotiations were under way regarding this trade agreement.

I am in complete accord with bilateral trade agreements, but as a Liberal I cannot accept the view that it is only in that way that tariff changes should be effected. If at any time it is in the interests of this country to reduce the tariff on any article entering Canada, that tariff should be reduced, whether or not there is any so-called concession given by another country. Last year the Minister of Finance (Mr. Dunning) referred to unilateral changes in the tariff, and considered them unwise, at least at that time. While I am in perfect sympathy with bilateral agreements, I must insist that at all times when downward revisions of the tariff can be made in the interests of this country, they should be made, irrespective of any concessions received from any other country.

As a member of the Liberal party I am indeed proud of the achievement of our government in concluding what is perhaps the most extensive and favourable trade agreement which has been made by Canada during this century, indeed perhaps since confederation. I should like to congratulate the Prime Minister upon his able presentation to this house in connection with this trade agreement. I have also listened to or read other excellent contributions to the debate, but I should like to make special mention of the address delivered by the Minister of National Revenue (Mr. Ilsley). He made a clear, concise and convincing review of the benefits which will accrue to Canada under this agreement.

This debate reveals clearly the different points of view between the parties represented in this house. Members of the Cooperative Commonwealth Federation party, both in the house and outside it, have from time to time been proclaiming that there is really no difference between the policy of the Liberal party and the policy of the Conservative party, that they are really so much alike that they might be regarded as having a distinction without any difference. No doubt those hon. members of the Cooperative Commonwealth Federation party were making those speeches for political effect. They tried to make the people of the country believe that, after all is said and done, these two great old parties have drifted together so closely that they are now really as one, and that now the party really opposing them is the Cooperative Commonwealth Federation party.

Well, let us look at the situation as we have it before us in the house at the present time. The leader of the opposition (Mr. Manion) and his party not only have been extremely critical of the agreement as a whole, but have picked out individual items here and there stating that they would adversely affect their part of the country, and inferentially endeavouring to lead the house and the country to conclude that the trade agreement as a whole is not in the interests of this country.

What is the history of the parties with respect to trade agreements? The hon. member for St. Lawrence-St. George (Mr. Cahan) went back nearly half a century in an endeavour to show that certain persons in the United States held views which, in his judgment, were inimical to that republic having closer trade relationships with Canada. He also quoted certain unfortunate remarks of United States statesmen in connection with the reciprocal trade agreement arranged by Sir Wilfrid Laurier and the Right Hon. Mr. Fielding. It is true that certain men in the United States did use certain unfortunate phrases, such as, "Canada is at the parting of the ways," and others, referring to the possibility of annexation.

Mr. MANION: What is the hon. gentleman reading from?

Mr. YOUNG: It is not from your book, anyhow, my hon. friend.

Mr. MANION: But the hon. gentleman is reading it. What is it?

Mr. YOUNG: I have some notes here.

Mr. MANION: Notes! You have a whole essay.

Mr. YOUNG: No doubt these extravagant and unwarranted statements were used in the United States to help secure support from the Tories in the United States, and the same statements were fanned into a burning flame of partiotism by the Tories in Canada to prevent the passage of the reciprocal pact in 1911. The Tories have always had a great faculty of waving the flag to prevent Liberal governments from taking away some of the special privileges from the few in an endeavour to deal in a fair and just way with the masses of the people and with the consumers of Canada.

Let us look at the negotiations which took place between Canada and the United States in connection with consummating a trade agreement when the Conservative party was in power under the leadership of the Right Hon. Mr. Bennett. How far did they progress? Just to the point where it would be advantageous for political purposes. The public did not have, could not have, any knowledge, of what the proposed agreement was; it could be used in various parts of the country for political effect, and Conservative speakers would draw on their imagination as to the content of the agreement, according to the feeling of the people in the locality where such speeches were made.

But what is the important point? The agreement was not consummated by the Conservative party. Within a very few weeks after the Liberal party came into power in 1935, a reciprocal trade agreement was consummated. During the discussion of that trade agreement in this house it became abundantly clear that the Conservative party was not at any time really in favour of a trade agreement, and that was why it had not been signed the previous year.

What is the attitude to-day of the leader of the opposition? Is he for this trade agreement? Not only he, but every hon. member of this house, will be called upon to say whether he is for or against this trade agreement, and I suggest to you, Mr. Speaker, that at the conclusion of this debate, when the vote is taken, the people of this country will know in more certain fashion than ever before just where the parties of this country really stand on fiscal policy. Members of the Tory party have been saying in the house, and particularly outside the house in different sections of the country where they believe it would be more beneficial to them, that they were in favour of trade agreements, that they were in favour of wider trading with other countries. If that be true, they will have an opportunity in this house within the next day or two, perhaps within the next few hours, to demonstrate to the Canadian people that they really believe in a greater opportunity for the interchange of goods with other countries. The leader of the opposition said as to this agreement, that only time could tell whether it is good or whether it is not. I ask him, and I ask every member of his party, this question: Are they prepared to give this trade agreement such an opportunity, so that time will tell? If they vote against this agreement, and if by any chance their vote should prevent it from becoming law, my question is, how will time tell? If they succeed in voting down this resolution—

Mr. MANION: With thirty-eight against one hundred and eighty.

Mr. YOUNG: —then time will have lost its opportunity to tell whether the trade agreement be good or bad; time will never have a chance, and I say to hon. members opposite that unless they are prepared to give this treaty an opportunity, they are placing themselves definitely, absolutely and irrevocably on record as being opposed to freer interchange of goods or a greater opportunity for international trade.

Mr. MANION: Your party voted solidly, except for the Minister of National Revenue (Mr. Ilsley) against the empire trade agreements.

Mr. YOUNG: I have looked over this trade agreement and I find there benefits for farmers, benefits for lumber men, benefits for fishermen, benefits for various classes, but I find further that there are benefits for every Canadian consumer, which means benefits for every man, woman and child in this country. The Liberal party promised the people of Canada that tariffs would be reduced to the level of the Dunning budget. I am happy to say that a close study of this agreement reveals that on practically everything the duty has been reduced to the level of the Dunning budget of 1930, and, in many instances, has gone much beyond that point.

Take, for example, farm machinery. Under the Dunning budget there were certain items at six per cent, others at 7½ per cent, and still others at ten per cent. Under this agreement the tariff on all farm machinery has been reduced to 7½ per cent. There have been

some who have already said, "Yes, duties have been reduced, but when they were reduced the prices of farm machinery were not reduced, they were increased." I regret to say that prices were somewhat higher. Recently these prices have been reduced to a certain extent. After the extensive investigation which a committee of this house made with respect to the farm implement industry of Canada, and the corresponding investigation made by a similar committee of the congress of the United States, it was clearly disclosed that no manufacturer of farm implements prepared his price list until the largest manufacturing company in both countries had brought down its price lists. In Canada there is every appearance that there is, if not a definite combination in restraint of trade, at least a complete understanding that prices shall not be reduced below an agreed level.

I should like to say now to the government and to this house that this is a matter which in the immediate future should receive the most careful scrutiny, and if the evidence warrants it, prosecution should be undertaken against any firms who in an unlawful combination act together to maintain unwarranted prices for farm machinery, or for any other goods.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. YOUNG: Mr. Speaker, when the house rose at six o'clock I was discussing the attitude of the various parties towards the trade agreement. I sometimes listen with interest to the speeches of the hon. member for Rosetown-Biggar (Mr. Coldwell). Sometimes he makes a good speech; sometimes he talks like a Liberal, and I ask myself why he is sitting in that corner. As I have said already, the Cooperative Commonwealth Federation speakers refer to the two old parties as being alike, that they are on the same road, which I might call the road of trade. It is important that we examine carefully whether or not this is true. It may be that these parties are on the same road, but let us look more closely. A couple of years ago, with my wife, I took an extended automobile trip through the United States. We travelled over wonderful roads, extremely well marked. If you followed the road bearing your particular number you might arrive at your destination, but there was one thing which that number did not give, and that was the direction. If you neglected that and went the wrong way you would end up at a point opposite to that of choice. The Liberals and Conservatives may be on the same road, but they are going in opposite directions. That is the difference which the Cooperative Commonwealth Federation speakers do not point out. The direction the Conservative party has always followed leads to the building up of impediments to international trade, to the blocking of international trade, while the Liberals have always gone in the opposite direction, that of the lowering or the removal of impediments to international trade.

Where do the Cooperative Commonwealth Federation members stand? Do they favour the Tory or the Liberal direction? My only objection, if I have one, to the course pursued by the Liberal party concerns neither the road nor the direction, but rather the speed with which they travel. I should like to get into high gear and go faster. It may be that no party is willing to travel at the rate at which I am prepared to go. If my Cooperative Commonwealth Federation friends were really anxious to see the Liberals go a bit faster, would it not be better for them to join the Liberal party and assist those of us who are trying to get as far as possible in the right direction with the least delay? The Cooperative Commonwealth Federation members come from western Canada, and all they have succeeded in doing is dividing western influence and delaying progress. Heaven forbid that I should raise an east-west issue. I do not believe in that. I believe in a united Canada. At the same time there is such a thing as a balanced policy, the best policy having regard to Canada as a whole, and western opinion should not be divided in its influence. In my judgment this division of opinion has been a great detriment to western Canada. In a democracy such as ours I do not believe it is in the public interest that there should be more than two parties in this country, and the public is beginning to share that view if one is to judge from the small number of Cooperative Commonwealth Federation members returned at the last election.

I am happy to support this extensive trade agreement. It is not only on the right road, facing the right direction; it has gone a long distance in that direction, and I congratulate the Prime Minister (Mr. Mackenzie King) and his government upon the success of their efforts. The hon. member for Rosetown-Biggar says he will support this agreement, and other Cooperative Commonwealth Federation members have said the same thing. I ask this question: What part did they have in urging forward and assisting with the agreement? They have done nothing; in fact,

both within and without this house Co-operative Commonwealth Federation members have rather belittled the idea that there was much advantage in extending international trade. They have advanced the notion that the thing to do is to socialize the whole state. Why will my hon. friend from Rosetown-Biggar support this agreement? He does not dare oppose it, or whatever chance he may have of reelection to this house would be entirely removed; he would not have the ghost of a chance for reelection. He did nothing to assist in bringing about this agreement, yet I suppose he will go back to his constituency and tell how he helped his people.

I should now like to say just a word to the hon. member for Qu'Appelle (Mr. Perley). Where does he stand on this question? I put that squarely to him, although I see he is not in his seat. Do the people of the constituency of Qu'Appelle believe in a better opportunity to exchange the goods which they do not require for the goods of other countries? I venture the opinion that there is not one person in his constituency who does not approve this agreement taken as a whole. The people of Qu'Appelle, together with the people of this whole country, will watch this vote more keenly than they have watched any other vote ever taken in this house. Now that we have a chance to advance the interests of our country—for this agreement is in the interests of the whole of Canada—let us do our duty as citizens and not think in terms of party. I say this to my Tory friends, who deep down in their hearts know that this agreement is in Canada's interests. It is also true that it is in the interests of the other party to the agreement, the United States; and any agreement, if it is to be counted good, must be mutually beneficial.

I commend the government also for the part they played in assisting in the negotiations between the United States and the United Kingdom. I desire to emphasize especially that part of the Prime Minister's address in this house in which he made it clear that Canada was willing to negotiate agreements not only with the United States and members of the British commonwealth but with all countries willing to trade with us on a fair and equitable basis. The leader of the opposition (Mr. Manion) rather poked fun at the reference by the Prime Minister to the effect of such agreements on the peace of the world, and amused himself by referring to the peaceful boundary line between us and our great and friendly neighbour. He knew the Prime Minister was not thinking about any disturbance between these two countries but was referring to Great Britain, the United States and Canada pointing the way to international goodwill by means of greater international trade, and holding this out as a beacon light for the whole world to follow. If the example of these nations who have concluded these agreements were followed by the whole world, it would lead to international goodwill, to the cessation of the suicidal race to rearm, and to the removal of the causes which lead to war. It was this wider sphere to which the Prime Minister referred. It is interesting to note British public opinion in connection with the trade agreement. I quote from the London *Spectator* of November 25, 1938:

> In the simple but significant ceremony that attended the signature of the Anglo-American trade treaty at Washington last week the just comment was supplied, very fitly, by the Prime Minister of Canada, Mr. Mackenzie King, when he said that "it must be increasingly apparent that the stability of the civilization which we cherish depends more than ever on the friendly association of the English-speaking nations of the old world and the new."
>
> That assertion deserves study in some detail, for it states an important truth with singular accuracy. The English-speaking nations . . . are to-day in a special sense the trustees of the only kind of civilization their own citizens, and those of many lesser states, think worth maintaining. That is not merely apparent, but increasingly apparent, for war not merely on common human freedom but on the elemental rights of the individual is being waged over ever-widening tracts of the globe with a savagery incompatible with the survival of any liberal civilization at all.
>
> That tragedy has had one compensation. It has driven the custodians of this freedom into closer association in common sympathy for common protection.

Then it goes on to say:

> But mutual good will alone will not make the relations between two friendly nations what they need to be "under the strenuous conditions of the modern world," and it is the merit of British and American statesmanship—the credit is due to Mr. Cordell Hull more than any other single man—that it has set itself quietly and patiently to remove obstacles to full co-operation between the two countries and negotiate agreements which, without assuming any formal political significance, shall advertise to their own citizens and to the world their resolve to substitute practical cooperation resolutely and increasingly for economic or any other form of conflict. The fundamental value of the Anglo-American trade agreement lies as much in the sacrifices each country was ready to make as in the advantages it secured for its own traders—for till it is realized that every such negotiation must be based on the simple principle of give and take the attempt of each side to concentrate on taking must spell inevitable disaster. Hardly less important were the concurrent negotiations between the United States and Canada and the treaty signed by the union and the dominion simultaneously with the major Anglo-American agreement. That, and the fact that other British

dominions like Australia had to be brought into the discussions because concessions made to America might affect their own trade with Britain, opens up suggestive possibilities.

Then the editorial goes on to speak of the Ottawa agreements of 1932, and it has this to say:

It to some extent decreased the trade and to a considerable extent increased the suspicions and antagonisms of states outside the empire, particularly the United States and Germany. Since then, and to some extent in consequence, Germany has developed a closed economy based on trade by barter, which makes the prospect of any beneficial commercial agreement with her remote. But that fact, unfortunate in itself, has had some favourable reactions, in producing the recognition among states which still prefer free interchange of the need for increasing trade among themselves. The Anglo-American agreement has gone far to meet that need, for through the operation of the most favoured nation clause it means that the tariffs of both countries are lowered not merely in relation to one another, but to all countries with which they have signed most favoured nation treaties.

It goes on to say:

In what form and by what methods the Ottawa circle can be widened, with economic consequences that would produce political results no less valuable than the economic, are matters for further thought. But Mr. Hull, Mr. Mackenzie King and Mr. Stanley have performed a service of no small value in turning the minds of all reflective men in that direction.

A quotation from the *Economist*—and this is worthy of note—dated November 19, 1938, speaking about the trade agreement in a laudatory way, says:

All those on either side who have worked for this agreement have the right to congratulate themselves on its successful birth. And, if bouquets are being distributed, one of the largest must be reserved for Mr. Mackenzie King. Even the briefest study of the terms of the agreement is enough to show how little could have been done without the readiness of Canada to offer her generous co-operation.

It is recognized by members of the government, by the Liberal party, yes, and by the citizens of Canada, that the central and directing figure in all these negotiations was the Prime Minister of Canada. Time will tell, and history will record this as one of the finest achievements in Canada's history, and a lasting tribute to the genius of our Prime Minister.

When British empire countries were arranging trade agreements, and having especially in mind the fact that the Right Hon. Mr. Bennett insisted on Great Britain changing her fiscal policy to one of protection, when he insisted that preferences be granted to countries of the British commonwealth by raising duties against other countries, rather than by lowering tariff barriers and other impediments to trade between empire countries, I was somewhat anxious as to the effects this would have on other nations. I still ask, what was its effect? I quoted British opinion as to its effect. In these trade agreements between Canada and the United States, and the United States and the United Kingdom, the British empire has shown its desire to trade more freely, not only with the United States, but, under the most favoured nation clause, with other countries as well; and, as I said, the Prime Minister has made it abundantly clear in his statement to the house during this debate that Canada desires to trade with all countries willing to trade with us on a fair basis. When all countries are prepared to adopt this attitude, and put it into practice, we may hope for international goodwill, and the removal of the fear of war.

Mr. Speaker, I think we have heard enough in the house during this debate to know that between parties there is a vital difference. Within a very short time we shall have an opportunity of having every party in the house record its vote as to where it stands. In this country hereafter we shall know definitely and accurately whether the Conservative party is going along the same road and in the same direction as the Liberal party. And those of us who record our vote, whether it be to-night or on another day, will have made an everlasting record as to where we stand, because in the trade agreement we have something which is beneficial not only to Canada but to the United States. We have a tripartite agreement between ourselves, the United States and Great Britain, which points the way to a solution of difficulties not only between those countries, but also among all the countries of the world.

I heartily support the resolution, and I trust that when the vote is taken we may be unanimous in declaring that we put our country ahead of our party, and that we support the agreement.

Mr. W. A. WALSH (Mount Royal): Mr. Speaker, in rising to speak to the resolution before the house I would suggest to hon. members opposite that their constant glorification of the trade treaty, and their constant crowing and blowing, to use a rather vulgar expression, with respect to the effects of the trade treaty, remind me very much of the old Chinese proverb which was quoted the other

day in the Alberta legislature, and which has been quoted on many previous occasions—"The crowing hen never lays eggs."

An hon. MEMBER: The crowing hen?

Mr. WALSH: I can assure hon. members that all the crowing they are doing about the trade treaty is not going to produce good effects, so far as Canada is concerned.

I am not commencing my address as most hon. members on the Liberal side do, namely, by suggesting that unexpectedly they were called upon to take part in the debate. Having been prepared since the resolution was introduced, I am ready to take part in the debate, but it is not my intention to do so. I recognize the futility of presenting arguments, to any great extent, in the House of Commons as it is at present constituted, and I do not care to waste my efforts. I would rather place the work I have done in analysing the effects of the treaty before an audience which will at least listen with some degree of appreciation and will give at least some weight to the facts presented to them.

I say this after due and deliberate consideration, considering the treatment I received when I attempted to address the house on Tuesday afternoon of this week. I want to say further that if the house does not raise itself above its present level, the people of Canada will themselves take steps to remedy the situation.

An hon. MEMBER: Order.

Mr. WALSH: We have heard "order" too frequently in the house to pay very much attention to a word of that kind. Before placing on *Hansard* a record of what I had intended to say, I should like to make brief reference to two hon. members. I have not had an opportunity to do so before. I have great admiration for the Minister of Finance (Mr. Dunning), and it is my hope and prayer that his health will continue to improve to such an extent that he may continue to grace the public life of Canada. May I also make passing reference to a friend who sits with us on this side of the house, who is at present seriously ill, and for whose recovery every hon. member is hoping. I refer to the hon. member for Peterborough West (Mr. Duffus). He is a man who is very much respected, and I know there has not been a member on either side of the house who has not heard with a considerable degree of regret about his serious illness. I know our thoughts are with him, and with the members of his family.

Rather than continue the debate, I am merely going to do what we sometimes do in school. Hon. members will excuse my referring to the class-room, but that is my natural habitat. At times we ask the pupils to write essays and compositions, and at other times we ask them to develop plans along certain lines. I am going to give the house the plan which I should have elaborated considerably had I spoken earlier in the debate. I had hoped that when I got through with that elaboration I should have been able to leave this treaty so stark bare that even members on the Liberal side of the house would see the hideousness of the implications involved in it.

Some hon. MEMBERS: Oh, oh.

Mr. WALSH: Sometimes when I speak in this house, face the audience that I am now facing and listen to the groans and guttural sounds that sometimes come forth, I wonder whether I have not landed in the central part of Africa which is inhabited by other than human beings.

Some hon. MEMBERS: Order.

Mr. WALSH: First, I was going to say that our industries were not taken into the confidence of the government. They were not given an opportunity to submit arguments. That is quite different from the policy of the United States. I was going to refer hon. members to the United States statutes, volume forty-eight, page 943, where they would find section 4 of an act which sets out definitely the policy of the United States. That is something we have not in this country. The government of Canada do not seem to realize the seriousness of signing a trade treaty with a foreign party. They do not seem to realize that that foreign power may be hedged in by certain definite statutes, outside which they cannot go. Those engaged in commercial enterprise, those engaged in industry in this country, and even members of parliament were not informed of what the government were doing. Yet the government come before this parliament of free people with this treaty. The whole thing seems preposterous to me. It is a far-fetched procedure. We are now debating a trade treaty which has been signed and which is in effect, and yet members of this parliament did not have a word to say as to whether that treaty should or should not be signed, as to whether the various items in the treaty were going to affect their parts of the country adversely or otherwise.

We have had one glaring example of this already in the case of cattle. When this government signed the treaty they did not know the possible results of that one item and

they had to get an explanation. I can see the representatives of the Prime Minister (Mr. Mackenzie King) going hat-in-hand to the President of the United States and saying, "We are very sorry, but we did not quite understand the meaning of that particular paragraph; we thought we were going to get so many head of cattle into the United States, and instead of that you tell us it is only so many; cannot you do something for us"? The President of the United States, seeing the meekness with which he is approached, and being in a conciliatory mood, agrees to let them have a certain concession.

The same thing is true with regard to wheat. Can one imagine a more ridiculous situation than this country with its bins filled to overflowing with wheat and yet importing wheat under this trade treaty to which the Liberal members are content to agree and to which the hon. member for Saskatoon (Mr. Young) hoped we would give a unanimous expression of opinion! This country, overflowing with wheat, is importing thousands of bushels to be milled.

Mr. ILSLEY: The trade agreement does not mention wheat.

Mr. WALSH: But it is coming in; that is the difficulty.

Mr. CLEAVER: He did not know that.

Mr. WALSH: If the hon. member who has just spoken knew half as much as the least on this side of the house, he would be a credit as a member of parliament.

The second point I wanted to make is that I would take strong exception to the most favoured nation clause. I was going to read certain articles in the trade agreement in order to show that it is utterly impossible to make a suitable and practical trade agreement with foreign countries if we are going to embody in each and every one the most favoured nation clause. I realize that previous governments have done this. Previous governments have made mistakes, but it is up to this government to remedy such mistakes. Our bargaining powers would be much more effective if we could go to a country and bargain for reciprocal trade, knowing that that was not going to affect our trade with any other country with which we had an agreement.

I was going to go further into that argument. I was going to deal with the argument which the Prime Minister put forward in the supplementary edition of his speech on the trade treaty when he referred to the totalitarian states. I was going to take exception to his suggestion that we should and would make agreements with these totalitarian states as long as they maintained their present position with their dictatorial rulers and their oppression of minority races. Trade with them by all means, but do not trade with them under their present form of government and while they follow their present policy of the suppression and oppression of minority races.

As my third point I was going to read what Lord Beaverbrook had to say about this treaty. He commended it very highly from the British point of view. He pointed out what Great Britain was going to gain under the treaty signed with the United States at the same time. I was going to read what Mr. Cordell Hull had to say from the United States point of view. If we are to believe the statements of these men that Great Britain and the United States have made tremendous gains as a result of these treaties, those gains must have been made at the expense of the third party, the Dominion of Canada. If I took the time to read what Lord Beaverbrook had to say, hon. members would find that he suggests that the British dominions would have to make certain sacrifices. We are making certain sacrifices, but we do not need to make more in order to get a favourable trade agreement.

The fourth point I was going to elaborate was in connection with the effect of the 1935 trade treaty. I was going to quote what had been said by the Prime Minister, the Minister of Trade and Commerce (Mr. Euler) and the Minister of National Revenue (Mr. Ilsley) to show the house how preposterous were the statements they made in 1936 when viewed in the light of 1939. If the trade treaty of 1935 worked so disastrously for the Dominion of Canada, how can we believe them when they suggest that this treaty is going to be better than the 1935 one?

Next, I was going to refer to the effect of the agreements of 1932 on empire trade. I was going to show by means of figures that the agreements of 1932 were of tremendous value to this country, but they have been superseded more or less by this present treaty.

I was going to show that by the removal of the six cents preference on wheat we are short-circuiting our own traffic from our own Canadian ports, and I was going to ask the members from New Brunswick and Nova Scotia to try to justify the loss of traffic to our eastern ports of Saint John and Halifax. If they could justify the conditions that prevailed in those ports during this winter, I would give them credit for more ingenuity than I think they possess. We are short-circuiting our traffic from our own eastern ports, and I for one am going to protest

most vigorously at an opportune moment, because I am interested particularly in one of our eastern ports, the port of Montreal.

The ministers of the crown do not seem to realize that there is a strong economic pull away from our eastern Canadian ports, and that we have to do something to eliminate or overcome that strong economic pull. I was going to read in support of my argument a letter addressed to the Prime Minister from Mr. W. R. Eakin, president of the Shipping Federation of Montreal, and representations from the board of trade of Montreal and from others who are interested in our Canadian ports, not only Montreal but our maritime ports and the port of Quebec.

For my sixth point I was going into the history of reciprocity and would have proved pretty conclusively that reciprocity has always been a nefarious instrument in the economic development of this country. It has always worked to the disadvantage of Canada. I was going to focus the attention of the house upon the historical development of trade treaties between Canada and the United States as they have affected this country. I was going to point out the effects of the changes made in the economic policies of the United States of America.

Some of my friends in this house will remember the wonderful trade we built up in cattle prior to 1922. The cattle of Canada passed from north to south, but in 1922 the Republican government terminated the then existing tariff in the United States, and what happened? Our cattle were stopped at the border. Our markets were glutted with cattle, and prices of beef went down to such an extent that Canadian farmers could not afford to continue in that line of business. We had to find new markets, and we found them by shipping our cattle east and west instead of north and south. Now this trade treaty comes in with a view to diverting a part of that trade.

One cannot play with trade routes the way this government is playing with them. Trade routes become firmly and definitely established, and once we have a definite trade route and are profiting by it, it is well for us to stay in that route and not to branch out of it. If we lose a good trade route we have lost something that is hard to regain, and if we are now going to sacrifice the market that we have in Great Britain at the present time, we shall have great difficulty in getting that market back again in the future. Get it back we shall have to, because if history repeats itself, and mark you, Mr. Speaker, history always does repeat itself—and always our trade agreements with the United States have only spelled ruin so far as Canada was concerned—this particular trade treaty will in turn be abrogated in due course, as always has happened because the policy of the United States government is not towards that kind of trade. Then we shall have to find new trade routes, and that is going to be rather difficult.

For my seventh point I was going to take a specific industry in Canada, the dress industry, and I was going to show by figures exactly what this trade treaty means to that business. What does it mean? It means the complete elimination of the dress manufacturing business in this dominion, and that means a tremendous loss to Montreal and Toronto. Bear in mind, too, that with that industry go all the allied industries associated with it, including those engaged in the manufacture of fabrics who supply the dress manufacturers with the materials with which to make their dresses. These goods are coming in now from the United States of America. Not only are they coming in and meeting certain restrictions by our customs, but we are actually facilitating their coming in. I know of a very large shipment of dresses that came in to the Robert Simpson Company of Toronto. They came right through to the Robert Simpson Company's store in Toronto, right up to the floor on which those dresses were to be sold, and there they were unpacked.

I was also going to show the effect of the $100 exemption on this particular trade. I was coming from New York once and there was a lady sitting opposite with three suitcases. The inspector came along and asked her, "Have you anything to declare?" She said, "yes", and he gave her a slip, upon which she wrote down so many dresses, so many hats, so many shoes, and it totalled up to probably $99.99. The inspector took the slip and looked at it and said, "Is that all you have to declare?" She replied "yes"; the inspector said, "Thank you", and that was all. He did not open her suitcases, did not look into them at all; he simply took her word and passed on. That is the way in which the $100 exemption is working so far as the dress-goods trade is concerned. I go to New York but I do not buy a suit of clothes there; but when the women go they buy dresses, hats, shoes and other apparel, and bring them back in as large quantities as the law will permit.

Mr. GRAY: Is the hon. member opposed to the exemption?

Mr. WALSH: I opposed it when it was first introduced. I am very, very glad that the hon. chief whip of the Liberal party is

able to resume his place in the house, because I have missed his happy questions and his occasional cross-fire, and I trust that his health will permit him to be in his seat almost continuously from now to the end of the session.

Mr. GRAY: But that does not answer my question.

Mr. WALSH: I answered it. I said that I opposed the exemption when it was first introduced; I oppose it now because it works an injury to manufacturing industries established in my own city; and if the Minister of Justice (Mr. Lapointe) were in his seat, I would include those in the city of Quebec as well; for there is a great shoe industry established there right in his own riding, and he also should be opposing this exemption if he had the real interests of his constituents at heart.

I am going to conclude with a suggestion. I am not finding fault with every item in this trade treaty. There are good features in any treaty; there are some good features in this one. I would have elaborated on that point if it had been my desire to do so. But I just want to leave with the house this one suggestion. It came to my mind as the hon. member for Rosedale (Mr. Clarke) was speaking. I was sitting beside the hon. member for Kootenay East (Mr. Stevens) and we recalled another expression by that famous United States president. I cannot quote his exact words, but he said something like this: If you buy goods from a foreign country, you have the goods and they have your money; but if you buy goods made at home you have the goods and you have the money too.

Mr. McLEAN (Melfort): He never said anything of the kind.

An hon. MEMBER: It was Barnum who made that statement.

Some hon. MEMBERS: Question.

Mr. J. H. HARRIS (Danforth): Mr. Speaker, a few of my Liberal friends were asking for the question to be put, and put now, I suppose. But the question is not going to be put for half an hour. Some hon. members who are left in the house and who would like to go to the hockey match will find themselves remaining here if they are going to vote. The thought occurred to me as I looked round the chamber that, in so far as I wanted to say something to the ministry, perhaps, Mr. Speaker, you might page the Minister of Justice (Mr. Lapointe), the Minister of Pensions and National Health (Mr. Power), the Minister of National Defence (Mr. Mackenzie), the Minister of Transport (Mr. Howe), the Minister of Fisheries (Mr. Michaud), the Minister of Public Works (Mr. Cardin), and particularly—

An hon. MEMBER: That is small.

Mr. HARRIS: —the Minister of Trade and Commerce (Mr. Euler), who should be here guiding this bill through the house. The Prime Minister (Mr. Mackenzie King) asked to be excused; we will excuse him. While they are coming in, I would ask hon. members to try to think not only of this trade treaty in its own terms but also of the added effect of the treaty of 1935.

I have listened with a good deal of interest to the speeches of ministers of the crown, particularly the Prime Minister and the Minister of Trade and Commerce, and of other Liberal members.

Some hon. MEMBERS: Here he comes.

Mr. HARRIS: I must say that to my mind the speakers seem to have entirely ignored all the difficulties. I appreciate very much that the Minister of Trade and Commerce has come into the chamber. I was just saying to him and to his colleagues that—

Some hon. MEMBERS: Louder.

Mr. HARRIS: The reason I spoke in such a high tone of voice was that I thought perhaps the minister might hear me up in his room or at the hockey match. The particular question I wish to put is this, what is this treaty going to do for the expansion of employment in Canada? What did the last treaty do to help out unemployment? Did it make for more employment?

An hon. MEMBER: Yes.

Mr. HARRIS: By the time I have finished perhaps the real situation may look a little bit different.

For twenty years it has been my pleasure to trade each and every week with my friends in the United States. Not a month goes by but I consummate a deal in Great Britain. Five cars lying in Montreal cannot go to Germany, although they are properly sold there, because of the two kinds of currency which are in vogue and because they are demanding a barter arrangement before they will permit a bona fide sale of goods to that country. For twenty years Italy has received goods which I have had the pleasure of shipping, yet this year we cannot ship there. With that background I approach this question of trade, perhaps thinking I know something about how we deal with our fellow men in these other countries.

An hon. member has said that the Conservative party could not make up their minds

as to what they were going to do. We studied these problems and we listened to what others in other lands were saying. I was particularly struck with a statement which appeared on November 26 last in the London *Economist,* page 485:

> In these cases the effect of the agreement will largely be to divert a quantity of trade from dominion (largely Canadian) to American hands without increasing the total volume of imports.

That is a startling statement. So I checked up on what the Prime Minister had to say when he introduced the last agreement. He said this:

> The government of the United States and the government of this country were actuated by one desire, namely to make an agreement that would be equally beneficial to both countries.

Then, instead of making a statement of fact, the Prime Minister—as he is prone to do—asks a question:

> Could anything destroy the agreement more effectively than that it should be shown in the course of this next three years that one country had got considerably the better of the other? Would not the effect of an agreement reached in that way be to destroy the possibility of its continuance beyond the period of three years?

Implying that if it did it would not be continued. The evidence is all against the 1935 agreement so far as that is concerned; and I call to witness the Minister of Finance (Mr. Dunning) in his budget speech of last year, wherein he said:

> Total exports to the United States fell six per cent below the figure for the previous year to a total of $343,000,000, while imports at $487,300,000 showed an increase of nearly 24 per cent.

There, Mr. Speaker, is evidence from the Prime Minister's own Minister of Finance that the 1935 agreement did not work to the general advantage and benefit of Canada, and the implication should have been sufficient for the Prime Minister not to rush down to Washington to consummate another agreement at any cost, but to mark time and see whether or not one should be consummated.

The Minister of Trade and Commerce made a speech in this house a few weeks ago. Did he review the trade as from 1935 to date? Did he give us anything constructive or concrete upon which we could cast an intelligent vote in favour of this agreement? He contented himself with taking just the January, 1939, figures. In one short sentence he said: "Of course a month's figures are not sufficient".

But at the same time he had the audacity to quote them to this house.

Mr. EULER: Oh, oh.

Mr. HARRIS: And he went on to say, even as the hon. member for Queens-Lunenburg (Mr. Kinley) said, that in January we had a great increase in exports from this country. I suppose he got his statistics from the bureau of statistics and under his own signature, in like manner as I have mine. But why did not the Minister of Trade and Commerce, why did not my friend who sits to my right here, read the line all the way through and show that for the ten months ended January 31, 1939, our exports to the United States shrank by 16·1 per cent, or $60,000,000, rather than use just the one month's figures, for January, which showed us an increase over the figure for January, 1938?

If he is going to stick to January, let us stick to the true facts, as the Prime Minister was wont to say when he was talking about the Canadian press release. Tell the people of Canada that there were no gold bullion exports in the figures for January, 1938, whereas in January of this year the government bolstered its figures by adding in $10,255,000 of gold bullion exports. I say to the Minister of Trade and Commerce, go a little further. He knows and I know that in December, just prior to this January month, the figures for which he put on *Hansard,* trade was $4,235,000 against us. He knows and I know that ever since November 16, when this trade treaty of 1938 was signed, manufacturers and anybody else shipping goods to the United States held back their shipments to get the full advantage of any concessions which were given to Canada under the Canada-United States trade agreement. He knows and I know that there were quotas in this new deal, and the rush to get the quotas in before January 31 had the effect of expanding by several million dollars our January exports.

Let us look at the other side of the picture. Importers and the like, who went to import goods from the United States are not bringing in their full spring requirements now. Why? They are holding back their imports in order to take full advantage of that three per cent excise tax ruling, the million dollars a month of excise which this treaty has given away and which comes off shortly. Watch the figures for February, March, April and May and see what happens. I say to the Minister of Trade and Commerce that the picture which the government has put on the Canadian *Hansard* is not a fair picture to give to the people, if all the considerations are noted.

Mr. EULER: When I gave the figures with regard to increased exports in January, it was in reply to what the leader of the opposition (Mr. Manion) had stated when he said time would tell. I was showing that time had already told to the extent of one month.

Mr. HARRIS: Let us go a little further. Time will tell? Time has told already. When these negotiations were consummated at Washington, they used, as the minister knows, the figures supplied by the Department of Commerce at Washington. Take on the one hand the statistics supplied at Washington, and on the other the statistics supplied by our own bureau of statistics, and you find what the minister recited, as far as total trade is concerned, when he spoke on the address. On the other hand, taking the figures from the Department of Commerce at Washington —and those were the figures used in the negotiations—you find an adverse balance of trade against Canada for the twelve months ended December 31, 1938, amounting to $196,107,000. The minister shakes his head. Well, I will read the figures from the United States government's publication.

Mr. EULER: Which publication?

Mr. HARRIS: The publication issued by the Department of Commerce at Washington, dated February 7, giving the value of exports and imports for home consumption by grand divisions and countries.

Mr. EULER: Why not use the Canadian figures?

Mr. HARRIS: The minister used them, and I refer to them to show that he did not take the whole line. He stopped when he came to an adverse trade against us of 16·1 per cent. My hon. friends on the Liberal benches did likewise. For the twelve months ended December 31, 1938, imports by Canada from the United States for home consumption amounted to $452,852,000 while exports into the United States were $256,745,000. Take the mean of the two sets of figures, and even then I say to the Minister of Trade and Commerce—I think I should call him the minister of trade for Waterloo North because he looks after only the industries in that constituency—and to the Minister of Labour (Mr. Rogers), who has just come to life and now sits behind him, that this trade balance alone means the jobs of 100,000 Canadians. If these goods could be produced in Canada in the secondary industries, 100,000 more of our people would be put to work.

Mr. ROGERS: Were they employed in 1932?

[Mr. Harris.]

Mr. MANION: That was the bottom of the world depression.

Mr. HARRIS: I will go back to 1932 and I will go back to the minister's Purvis commission, who folded up their tent and silently stole away and are now doing nothing about the unemployment situation. We find in this new trade agreement the very items that were in the 1935 treaty, showing that employees in the secondary industries, in two important groups, are out of employment. What item more than anything else in these two treaties has been seriously affected? Iron and steel and all the groups that fall into that category, including machinery, have been more seriously affected than any other group; and yet walking the streets of Canada to-day, according to the report, I have before me, there are 45,000 iron and steel workers who are without jobs. In paper products, printing and advertising there are 7,104. In lumber and the products of lumber, there are 7,445. Let me give some other figures:

Industry	Number out of employment
Rubber products	5,199
Primary coal products	3,729
Clay, glass, stone	5,526
Chemicals	1,136
Electrical apparatus	5,261
Other industries	22,760

In other words, we have a total of 86,610; and when one takes transportation services, hotel services, trade and commerce, the retail trade and so on, we can add another 30,000. These are the people who should be employed now but are not.

Of course my hon. friends will say that I am giving only one side of the picture. Let me give them the other side. There has been some increase in employment in Canada in some branches. But will any hon. member rise in his place and say that in the textile industry, which since 1929 has had an increase in employment, that increase was not made possible by the Bennett emergency session? They know that the Bennett emergency tariffs reestablished the textile industry, and reestablished it to the extent, as the Minister of Labour is well aware, of 11,000 hands.

Under this trade treaty, by handing some of this business over to the United States, the textile industry is to-day in a precarious position. Logging as a primary industry has added 13,561 to its payroll since 1930, and the reason for that is well known. It is the same reason that caused the packing industry to add 5,000 to their payroll since that time—all as a result of the empire trade treaties. But what we gained under the

Bennett emergency session and in the empire trade treaties is being lost to us by the paralyzing of the secondary industries through these two agreements.

Have we really the machinery with which to make these deals? The Prime Minister (Mr. Mackenzie King) mentioned Mr. Wilgress, Mr. Robertson and Mr. Hector McKinnon, three able, hardworking civil servants, three of the best we have. But are they equipped? Have they the necessary help and assistance? Are they not rather charged primarily with the responsibility for correspondence and all the business that comes to their own departmental desks? Is not Mr. Wilgress looking after commercial intelligence? Are not he and his secretary and stenographer charged with that responsibility? I have not the pleasure of knowing Mr. Robertson, but I assume he is busy with his own Department of External Affairs.

I ask you hon. members to stack up against these gentlemen the conditions obtaining in the United States on the one hand and in Great Britain on the other. The Minister of Trade and Commerce knows that at Washington, all the time, all the year round, there are secretariats looking after all kinds of producer organizations and all kinds of industry. He knows that as far back as January, 1938, to November, 1938, when the deal was signed, the Americans knew what goods would be affected. Their representatives were busy. I attended a meeting in Chicago as early as April—the deal was to come off in November—and I know they were then figuring ways and means to make sure that their production would not be harmed. The cotton growers met in April; the horticultural and agricultural groups met at Washington and studied the whole plan of action; they knew exactly what they were going after. Did this government recognize the horticultural societies? Did the Minister of Agriculture recognize the grain growers' association? Did the government recognize the Canadian Manufacturers' Association? Were these people called in? Did they have a chance? Did they know what was going to happen? Did the Minister of Labour call in the Federation of Labour? Did labour know what was going to happen to them? No! "Wait until you get it and then take it and like it." That has been the policy of this administration in drawing up their trade treaties. Yet they say, "We follow the British way."

Did they follow the British way? They did not. In London, on the Strand and up Kingsway you can go into scores of offices where you will find organizations and associations embracing all producing and manufacturing institutions in the British isles, and each association has its own chartered accountant who has access at all times to the books of each and every industry in order to see that their interests are looked after, through the board of trade, and by the way the president of that board is an active cabinet minister in England. But they even go further than that. I do not need to remind this house that they have one highly trained body of men whose duty it is to look after trade matters in order to see that imports come into that country only under the supervision of the import duties advisory committee. Would hon. members stack up our three junior men here against such men as Right Hon. Lord May, K.B.E., at $25,000 yearly; Sir Sydney J. Chapman, K.C.B., C.B.E., at $15,000; Sir Allan Powell, C.B.E., at $15,000; Sir Percy W. L. Ashley, K.B.E., C.B., at $10,000, and all the staff officers associated with them? They are organized to look after the interests of Great Britain in connection with matters of trade.

I ask those members of parliament who are here; I ask the ordinary member, what do you know about this trade treaty? I do not think you know a great deal about it; that is my frank, considered opinion, after listening to this and many other debates. I say that in a kindly way, because I know hon. members have a great deal to do; but I say it is not fair to Canada to charge our three commissioners with the responsibility of looking after a matter of this sort. And may I say that if any supporters of the party in power in Great Britain were to ridicule the president of the board of trade as some of our free trade friends are wont to ridicule the heads of similar organizations in Canada; or if they were to ridicule the organizations which serve that board, they would be read out of their party. Here it seems to be considered rather a fine thing to ridicule the manufacturers' association, the lumbermen's association and other similar organizations.

To sum up the whole situation, when the Minister of Trade and Commerce complains because my leader said population was not a fair basis of comparison, and said that we were a great trading country and should be considered on a par with the United States or with Great Britain in a trade deal, I say to him that the odds are fifty to one against us in regard to organization in consummating any such agreement. That is the position as it stands to-day.

Mr. EULER: What officials were employed by the Bennett administration when they tried to negotiate a trade treaty with the United States? Precisely the same ones that we used.

Mr. HARRIS: The minister reminds me of the hon. member for Huron North (Mr. Deachman); he also goes back into history. The hon. member for St. Lawrence-St. George (Mr. Cahan) went back to 1842. Not satisfied with that, the hon. member for Huron North went back to Adam and Eve. Why not look ahead instead of to the rear? I like to look forward and not backward, and I want to put the facts on record. We are up against a difficult situation in trying to consummate a deal with the United States. Their mode of living, tastes and possible production are all very much the same as ours, with the result that every time we open our markets to them we have to restrict our own production. On the other hand Great Britain, which is the world's largest purchaser, is a complementary market, and that is a real advantage. It is only common sense that we must retain the preference we now possess. Sir Wilfrid Laurier believed in it; Right Hon. R. B. Bennett consummated it, but now what do we find? We find this government narrowing the preference, meddling with what we already have, to our own detriment, as is indicated in the passage I read from the London *Economist*. My hon. friends opposite seem to have lost their British make-up in some way or another. "What we have we hold" seems to have been something in the past as far as they are concerned.

It is perhaps unnecessary for me to say this, but I see the hon. member for Halton (Mr. Cleaver) in the house, so I might remind him that our vegetable and fruit growing conditions are not the same as they are in the United States. Their climate is so much ahead of ours that they have a natural advantage over us. It is also common knowledge that they are over-industrialized in their secondary industries, and that they are anxious to get their extra capacity operating. When they do so they will produce more than they need for themselves, and when we lower our valuations for duty purposes and the other restrictions against dumping, the result will be that millions of dollars worth of their extra production will be dumped into this country, and more of our own people will be without work.

The hon. member for Mount Royal (Mr. Walsh) told the house a short time ago that he opposed the $100 free entry. I do not believe in allowing $100 worth of goods to be brought in by tourists; I say that condition should not obtain in this country; for the reason that these goods consist of clothing, boots and shoes, dresses, refrigerators, radios, small motors and things of that kind which have a high labour content. The records show $6,000,000 of imports coming in free under that exemption, and we know there is another $6,000,000 not recorded; so, if we know anything at all about it, we know that means $1,200,000 taken from the wage rolls of the people of Canada.

Mr. ILSLEY: Why does the hon. gentleman say there is another $6,000,000 not recorded? I ask the question for information.

Mr. HARRIS: For the very simple reason that the efficiency of our customs men at border ports, as the minister knows, is only fair. When I went to school and got a mark of "fair" on an examination, it meant that I was rated at fifty or more. So I would say the efficiency is about fifty per cent, and I believe the minister will agree with me.

Mr. ILSLEY: No. I just wanted the basis for my hon. friend's statement.

Mr. HARRIS: The spirit of these trade agreements is something that should be given more thought. Each year sees revenue bills passed by the United States against the natural products of this country. Even during 1938, sawed timber was added to the revenue bill in order that Uncle Sam might collect $1.50 a thousand feet on it. That is a new touch. But the Minister of National Defence (Mr. Mackenzie)—and if he is at the hockey match I hope he can hear me—says, "Oh, but we hope that $1.50 will be taken off in June." Some hon. member to my right says there is no doubt about it, but let me remind my hon. friend that Canada has in this agreement agreed to relinquish further its guaranteed preference on lumber if and when the United States repeals the import tax on Canadian lumber. They have already sold us out in that regard, which means that more and more of the lumber we formerly sent to Great Britain under the British preference will be displaced by lumber coming from the United States. What about copper, with its four cents a pound, in all its ramifications placed against us as a revenue tax in 1934?

I should like to say something about animal oils and fats, and butter. The Liberal party are sliding down so fast on that toboggan of 40,000,000 or 50,000,000 pounds of surplus butter which is in Canada at the present time that they will hit bottom when the next election comes. Even though they

have had a reference before their tariff board for over two years, asking that something be done in like manner to that which was done in the United States with respect to vegetable oils and fats going into that country, to the tune of from three to six cents per pound excise tax, nothing has been done in Canada. This is another example of the do-nothing administration.

And with what other result? The result has been that imports of this substitute for our natural fats have risen from the figure of 90,000,000 pounds which was reached about five years ago, until in the year ending December 31, 1938, it reached the figure of 255,000,000 pounds. There is as much vegetable oil coming into Canada, free of all duty and tax, as there is creamery butter made in this country. Yet this administration sits impotent, and does nothing about the matter. It does not call for the tariff board report; nothing is done about it. That is another example of the revenue tax legislation of the United States—and we may expect more of it.

The hon. member for Dauphin (Mr. Ward) has come into the chamber—I had not noticed him before. He had something to say this afternoon about duties, and about our exports and imports. But he seemed to have forgotten that in 1930 the United States put through their tariff act of that year with the result that our exports to that country in the year dropped by $128,000,000, or 42 per cent. So I will ask the page boy to present my hon. friend with a copy of the tariff act of 1930 of the United States, and when he has finished with it he can return it to the library of parliament.

Mr. WARD: Will the hon. member permit a question?

Mr. HARRIS: Yes, half a dozen of them —as long as it does not come off my time.

Mr. WARD: Does he deny the favourable trade balance figures given this afternoon?

Mr. HARRIS: Does my hon. friend deny the unfavourable trade balance figure of $196,000,000 for the year 1938, which I gave when he was on his way home from the hockey match, a little while ago? A hundred thousand of our people are looking for jobs. The hon. member quoted figures this afternoon, but I would say to him there are only 100,000 employees in the primary industries and there are 900,000 in the secondary industries. The rate is nine to one. Put your secondary industry unemployed men to work.

I should like to say something about transportation, and cutting off the business of our ports. I should like to say something about coal. I should like to say something about magazines and advertising which, in 1936—including magazine and other literature imports—stood at $2,900,000 and in 1939 had jumped to $5,900,000, filling this country with advertisements of all kinds of produce from the United States, and paralyzing our industry.

But the house will learn more of that anon. I have only five minutes left. Divide up the work of the Minister of Finance with the Minister of Trade and Commerce. The Minister of Trade and Commerce has taken the work on tariffs of the Minister of Finance entirely off the board for three years, because the scope of our aggregate trade shows these astounding and astonishing figures: By this agreement seventy per cent of the trade of Canada is hamstrung for three years. There is $350,000,000 worth of trade within the confines of this trade agreement—and there is nothing the government can do about it. They have extended the most favoured nation treatment affecting trade valued at $241,000,000. The margin of our preference with Great Britain has been narrowed.

I wish the hon. member for Prince (Mr. MacLean) were in his seat. I have something on my desk I should like to give to him. This is your job, Mr. Minister of Trade and Commerce. The Prime Minister stated at page 904 of *Hansard*—and I shall not bother looking it up; hon. members can look it up for themselves—when he was talking about trade relations with Canada, "We want to give the exact truth." That is what he said, as reported in *Hansard*. But he gave only a half truth when he issued that press release pamphlet, and only a half truth when he made his speech in the House of Commons. At my own expense I put a staff of university students of commerce and finance to record our trade and the effects of the 1935 treaty, and what did I find? I found sixty-four pages of items, amounting to $350,000,000, all of which are affected by the trade treaty, and are favours given to the United States. I found fourteen pages of favours given to Canada by the United States. And when I analyse those figures, which I should like to place on *Hansard*—

Some hon. MEMBERS: Oh, oh.

Mr. HARRIS: And when I analyse those figures I find that for every dollar of actual value that we have received from the United States we have given two dollars of actual value to the people of the United States. And if hon. members want to multiply that by the population—I will not do it, but they may do

it themselves—they will see it is forty to one against us. That is the picture with regard to this trade agreement—forty to one against us.

All right, shake your head. If you think we are as big as the United States; if you think you are as good a trader as the United States, if you think you are as good a trader as Great Britain, the actual dollars are two to one against us.

I make this charge: I say the government of Canada has not been fair to the people of Canada. It should file on the table of the house a record of the actual effects these trade treaties are going to have, and the effect the 1935 trade treaty had, particularly on the secondary industries in this country. Let us judge, not by the exact truth, so-called by the Prime Minister in his speech, but by the facts. And we shall have an opportunity to judge by the facts, before the next election. And these one-trippers who are in the House of Commons to-day—many of whom were at the hockey match to-night—after the next election will be like that book about which we have heard so much—"Gone With the Wind."

Mr. D. J. HARTIGAN (Cape Breton South): Mr. Speaker, after listening to the maniacal and bellicose remarks of the hon. member who has just taken his seat, there was only one thing I had cause to regret, and that was the deprivation the people of Canada suffer owing to the fact that television has not been fully developed.

For one reason, and one only, I did not intend to speak on the trade treaty, and that is that the treaty as such has been in operation only since January 1. All this debating which has taken place in the House of Commons with respect to the trade treaty, to a very great extent has been waste effort. It is not based on facts. How could it be? We have yet to see the effects of the treaty. The hon. member for Danforth (Mr. Harris), who has just taken his seat, has recorded a great array of figures; in fact, we were staggered by the millions and thousands which came rolling out. At the same time he went back into 1938, 1935 and other years. The trade treaties which were negotiated between Great Britain and the United States and between Canada and the United States came into effect on January 1. How can any decision be based on anything but conjecture when it goes back of this year? I doubt if the figures for January and February of this year are complete, because there are always odds and ends which come up later.

I do not think the language which has emanated from the other side of the house in condemnation of this treaty is going to sway the people of Canada one iota. They remember quite well the period from 1930 to 1935. The hon. member for Kootenay East (Mr. Stevens) sat as a member of the price spreads committee, and he must remember the evidence given of the staggering profits which were made by the textile people and other manufacturers during those terrible years. During the greatest depression Canada has ever known, many manufacturers made immense fortunes while the majority of Canadian people were in want.

I do not intend to go back of January 1, 1938, because to my mind to do that would be useless as far as any discussion of this treaty is concerned. Canada has a small population, and in the last forty years our manufacturing industry has been developed so intensely as to outstrip our growth in population. No effort has been made to find out how the products of our industries can be distributed in Canada. I think that is our main trouble as far as trade in Canada is concerned, and this disability must be overcome in some way. There are one or two ways in which it can be done. The upper house met here some time ago and had to adjourn for lack of work. The upper house of the federal parliament had an opportunity to render real service to the people of this country by staying here and going into the railway problem, not from the point of view of unification but from the point of view of making distribution more readily available to the Canadian people.

Mr. SPEAKER: It is against the rules of the house to make any reference to the other chamber.

Mr. HARTIGAN: People say that there is no possibility of changing the situation as it exists at the present time, but I say that great opportunities are available to the parliament of Canada to change the system so that we may have better distribution. We can make our railways 100 per cent efficient in the distribution of the products of our factories. That would be one of the greatest helps in increasing trade in this country.

Every Conservative member, when discussing this trade treaty, has stressed its effect upon some small manufacturing concern in his own riding which was perhaps near and dear to his heart. But not one of them has spoken on the trade treaty from the point of view of the consumers who make up the greatest part of our population. Our greatest efforts should be to make available the commodities of this country to the ordinary wage-earner, the farmer and the artisan. No speaker on the other side of the house has expressed that idea. One or two of them were

so hard put to-night that they had to refer to the fact that the customs officers on the border were not performing their duties properly. I think many of us who cross the line are quite pleased when the customs officers do not interfere with us, and I believe the same would apply to most travellers. Hon. members are advancing a very poor argument when they complain of a customs officer not making a proper examination. In most instances only $40 or $50 worth of goods would be involved, and I venture to say that it is only in rare cases that the amount involved is over $100.

Canada is a country of large areas, but our population is sparse. However, we have extensive railways. A cry has gone through the country which is fostering unrest and imbuing fear in the hearts of the people—the cry of the railway problem. Our railways are our greatest adjuncts to trade. Some people advocate that our railways should be amalgamated or unified, although they do not say how that is to be done. They do not realize how many people will be thrown out of employment. They do not realize how many people are utterly dependent upon the railways.

Mr. SPEAKER: The hon. member is wandering away from the subject matter of the resolution, which has to do with the ratification of a trade treaty.

Mr. HARTIGAN: This concerns the trade of the country. I was just indicating why the Canadian National Railways should be left as it is.

Mr. SPEAKER: That is not the question before the house at the moment.

Mr. HARTIGAN: I am pleading that the Canadian National Railways should be left as it is. It is our greatest adjunct to trade in the country. There are thousands of people who have no other means of getting their necessities of life.

There is another great problem which faces the Dominion of Canada and which should be grasped at its flood-tide. What we need is population. This is complementary to this trade treaty. This trade treaty has been the greatest thing ever put through. I maintain that the people of Canada would not consent for one moment to go back to the days from 1930 to 1935 when our high tariff prevailed. A commission should be appointed to go to the old country to study this matter. They should consult with the refugees who are being driven from pillar to post—

Mr. SPEAKER: I must ask the hon. member to confine himself to the discussion of the resolution before the house, which has to do with the ratification of a trade treaty. There should not be a long discussion on the immigration policy of the government.

Mr. HARTIGAN: I maintain that trade is one of our great problems and must be for a great number of years to come, and if we bring in a population that will help consumption, naturally our home trade is going to increase. If we get enough population in this country to consume all that we produce, does anyone think we would have to look for markets outside. With the great area we have, we should be taking advantage of international loans, and now is our opportunity to get people in to consume our goods.

So far as this particular trade treaty is concerned, we know what it has done in the two months it has been in operation, and what its results will be in the future we must leave to the future to decide. We know that it will do good. Even if we did not want to enter into a trade treaty with the United States at this time, the people of this country are cognizant of the fact that the United States and Great Britain were going to negotiate a trade treaty whether or not Canada came in. In any event, our preference in the British market would have terminated in June, and we would have lost it then anyway. Why keep harping on what has gone and on what would have been lost in any event, with no compensating results unless an agreement had been entered into? Those are the questions which the people of Canada must consider.

I say further that we should take advantage of every opportunity that offers to increase our population. It is no use our holding on to the idea that we are going to get a population purely British. We have so big an area to populate that Canada is bound to be a cosmopolitan country. If we hold off too long, when we want population we may not be able to get population commensurate with the needs of the country and under as favourable conditions as now. So far as trade is concerned, why worry about who comes in or who does not come in to increase our population? This trade treaty is signed and it is good for three years.

Mr. SPEAKER: Again I remind the hon. member that he cannot discuss immigration on this resolution.

Mr. HARTIGAN: This government has consummated this agreement with the United States, and its benefits are already becoming

apparent to the people of Canada. But I maintain that we have to go a step further and increase the ability of our population to consume the goods we produce in this country, and we cannot do that with the small population we have now. If we want to make Canada the great country that it should be and that destiny intended it to be, we must go on and on year after year increasing our consumptive capacity for all the manufactured and basic products that we produce in Canada. I say it is no use for hon. gentlemen to rise in their places and give figures, going back ten or fifteen years. That has nothing to do with the present trade agreement. It is of no earthly use to us and does not help out the situation one bit. The safest thing we can do is to leave this trade agreement to the judgment of the Canadian people. One or two manufacturing industries may be hurt, but I venture to say that the majority will not be hurt. If there are some few industries in this country suffering from an inferiority complex, which feel inferior in business ability, management and productivity to our great neighbour nation to the south, let us bring in people who will produce the goods, and not only produce them, but distribute them and sell them at a profit.

Mr. SPEAKER: Is the house ready for the question? Those in favour will please say Aye.

Some hon. MEMBERS: Aye.

Mr. SPEAKER: Those opposed will please say Nay.

Some hon. MEMBERS: Nay.

Mr. SPEAKER: In my opinion the Ayes have it.

Mr. FINN: Mr. Speaker, in face of the fact that I had risen in my place, do you persist in doing what you have just done?

Mr. SPEAKER: Order. I did not persist in doing what I have just done. Having asked if the house was ready for the question and if there were any more members to speak, and not noticing the hon. member, I put the question.

Mr. FINN: Then I ask, Mr. Speaker, that the question be withdrawn.

Mr. SPEAKER: Those opposed to the motion will please say Nay.

Some hon. MEMBERS: Nay.

Mr. SPEAKER: In my opinion the Ayes have it. I declare the motion carried.

Motion (Mr. Mackenzie King) agreed to.

[Mr. Hartigan.]

Mr. LAPOINTE (Quebec East): I move, Mr. Speaker:

That the trade agreement between Canada and the United States of America, laid on the table of the house on the twelfth day of January, 1939, be referred to the committee of ways and means.

Motion agreed to.

WAYS AND MEANS

CANADA-UNITED STATES TRADE AGREEMENT

The house in committee of ways and means, Sir Eugène Fiset in the chair.

On schedule 1:

Customs tariff—6. Live hogs: one cent per pound.

Item agreed to.

Customs tariff—7. Meats, fresh, n.o.p.:
ex (a) Edible offal of beef and veal, 4 cents per pound;
ex (c) Pork, 1¼ cents per pound.

Mr. MANION: What quantity of meats did we import last year?

Mr. LAPOINTE (Quebec East): I think I had better move that the committee rise, report progress and ask leave to sit again.

Mr. MANION: Yes. May I make it clear that I do not want the minister to think we are blocking this in any way. There are certain details we want to get, and I did not suppose we should reach this to-night.

Mr. LAPOINTE (Quebec East): I think it is only fair to report progress and go ahead with some other business.

Progress reported.

NATIONAL FILM BOARD

REVIEW OF GOVERNMENT FILM ACTIVITIES—INTER-DEPARTMENTAL COMMITTEE TO CENTRALIZE DISTRIBUTION

The house resumed from Tuesday, March 7, consideration in committee of the following resolution—Mr. Euler—Sir Eugene Fiset in the chair:

That it is expedient to introduce a measure to create a national film board empowered and directed to review and report on government film activities and to discharge such other duties as the governor in council may request; and to authorize the governor in council to appoint, and determine the salary of, a commissioner, to be the chief executive officer of the board. Also, to provide for the appointment of an inter-departmental committee to centralize government film distribution.

Mr. LAWSON: Mr. Chairman, the other evening when this resolution was before the house I made some extended remarks in connection therewith, in the course of which I made a statement which was in error and which I should like to correct. I made the statement that there was in existence in each province or in nearly every one of the provinces a film bureau, and that the work to be done by this national bureau would be pure duplication. Upon making inquiries I found afterwards that all those provinces which three or four years ago had motion picture bureaux have, during the past two or three years, disbanded them in the interests of economy and have not now such a bureau. However, I should still like to persist in respect of some other matters I raised. When the minister has an opportunity, I should like him to tell us the purpose of bringing to Canada a gentleman who, I understand, was brought here from England and who spent some weeks here making a survey in connection with this matter. I should like to know something about the report he made, whether this scheme was recommended by him, and what that gentleman's report cost us.

Mr. EULER: As a matter of fact, I had not expected that this matter would come up this evening. I shall be glad on another occasion, perhaps when we are in committee on the bill, to give the information for which my hon. friend asks. The gentleman who was here from England was invited by me to come here for the purpose of giving us some expert advice with regard to this matter. While the bill is largely according to his recommendations, it was framed only after the deputy ministers of the various departments concerned had carefully canvassed the whole situation, discussed the merits of the scheme advanced, and adopted it unanimously.

Mr. LAWSON: There are some other matters in connection with this that I should like to raise. I have no objection to their standing over until the bill itself is in the committee stage, except that, in order to get the bill into the committee stage, it has to have its second reading, and I do not want to be taken as approving the principle of it, because on the information at present available to me I am very much opposed to the proposal, and I hope to be convinced by the minister before we are through with it that this is—

Mr. EULER: The hon. member will be.

Mr. LAWSON: —a necessary expenditure. Frankly, to me it is just a waste of the taxpayer's money. That is on the information I now have available. So I should like the minister, on another occasion, as he suggests, to bring us information as to what experience this particular gentleman had in the motion picture industry, and why someone from England was selected, rather than some Canadian, to make a report to us in connection with the matter; for we have in this country many men skilled in the motion picture art.

On this occasion I should also like to reply to a question which in the course of the discussion the other evening the minister put to me. I had said that in my opinion, if any particular province wanted a motion picture film showing the scenic beauty of that province to attract tourists, or showing some industrial operation within its borders, why should that province not make it and bear the expense of it; and my hon. friend posed to me, what about a national film? I have had an opportunity in the meantime to do a little thinking about a national film, and it seems to me that the only thought the minister could have had in mind as regards a national film, as distinct from a film connected with one particular province, would be a film which, if for example it were scenic, would cover the dominion from coast to coast and show outstanding features of the different provinces. May I say to the minister that if he attempted to make a film of that kind and do justice to the scenic beauties of the different provinces, it simply could not be done in less than twelve, fourteen or fifteen thousand feet of film. How on earth could one ever hope to have that quantity of film run for an exhibition purpose? When any hon. member goes to a regular motion picture theatre and sees a show or performance there, he will probably see 6,500 to 8,000 feet of film, and it will take him a minimum of two hours, and probably two and a half hours, to see it. What earthly possibility would there ever be of an audience sitting for four hours to see a national film, if that is what the minister has in mind?

May I make a concrete suggestion to the minister? By sheer accident I saw not long ago some film taken by somebody who was interested in mining and mining geology. He had carried with him into the north country one of those small motion picture cameras which anyone can operate, one which you hold up to your eye and turn the crank and expose the motion picture film. On that sort of machine, which is comparatively inexpensive, you use a 16 mm. film. As I pointed out to the house the other night, a 16 mm. film is the only kind which can be exhibited in places other than the regular operating room of a motion picture theatre. That is because

of fire hazard. I saw the picture taken by this gentleman who was interested in mining geology, and I assure the committee that it demonstrated excellently anything which might be desired in an educational way.

Before the minister brings down his bill, I should like him to consider yet another aspect of this matter. It is proposed to have a board, I assume an advisory board of some kind, consisting of two ministers, three civil servants, three persons from the outside. Who will the three from the outside be? The minister made some suggestions the other night, and it must be obvious that these three will have to be representative of race and geography and all sorts of things.

Mr. EULER: Why so?

Mr. LAWSON: All right. I will say: Why so? Number one: Because it always has been, and I am afraid always will be, on every kind of board you have in Canada. Take the board of governors of the broadcasting corporation. Take your national harbours board, with one from the east, one from the west, and one from the centre. Take every board you have in Canada. Number two: If they are not going to be from different parts of Canada the minister is not going to accomplish the purpose he outlined to this house the other night as being behind this board, namely that he wanted to get views representative of all Canada on this board in order that he might have the advantage of their advice as to what sort of films should be produced to advertise Canada. If I misunderstood the minister in that regard I am sorry, but that is what I understood to be the purpose of the advisory board.

Mr. EULER: I do not think I said that.

Mr. LAWSON: What is the purpose?

Mr. EULER: Speaking offhand, I should say that the whole purpose would be to get from among the citizens of Canada three outsiders who would best serve the interests we have in view.

Mr. LAWSON: But what is the purpose?

Mr. EULER: I never had in mind such matters as race and religion and all the other things which might divide the people of a country. I should like to get away from that altogether. That was not in my mind.

Mr. LAWSON: Then what is the purpose of the board?

Mr. EULER: I can state it again. It seems to me that there is an entire misapprehension on the part of my hon. friend with regard to the purpose of this bill. I stated at the outset that the purpose was to coordinate the film activities of the various departments. As they are now, five or six departments are engaged, not in producing films but in having films produced, and are showing them and using them for their own purposes, which are quite proper. But there has also been a good deal of overlapping and inefficiency which we believe can be obviated by having this board, which will concentrate, unify and coordinate them all. That is the real purpose. There is, however, a more or less remote object, and that is the getting out of what may be called national films, which it would not be the duty of any one department now showing films to initiate.

Mr. LAWSON: Will the minister give an illustration? What does he mean by a national film?

Mr. EULER: There might be an educational film for the use of children throughout the country, for educational purposes. I give that merely as a possible example, but I emphasize again, the primary purpose of the bill as it is now is to coordinate the work at present done in the various departments. The national objective may be carried into practice, but that is at the moment not the primary purpose. The purpose is to bring about efficiency and economies, because there is some waste as the work is carried on at the present time in the various departments, and to make a better use of the film bureau which we now have. My predecessor will bear me out, I believe, when I repeat what I said the other evening, that we have in the film bureau as well equipped a plant as there is in north America. The hon. member for York South the other night rather objected to that statement and conveyed the idea that it was not an efficient organization.

Mr. LAWSON: I simply asked the minister to satisfy himself on the point.

Mr. EULER: To-day there was in my office a gentleman who, I know, has had a wide experience in all lines of film production. In fact, he was at one time engaged in Hollywood itself. He assured me to-day that the equipment we have in our own film bureau in the Department of Trade and Commerce is the equal of anything of its size in Hollywood. It is absolutely up to date. I repeat that for the information of the committee. I do not know that I can add anything more at the moment. I am not familiar with the technicalities of the film business, as my hon. friend is, but I am assured that we have an efficient plant, and I am satisfied that by

having this film board or some similar organization we can improve efficiency, practise economy and secure a much better distribution than we have now.

Mr. STEVENS: When this motion was before the committee the other evening, just at eleven o'clock I was responsible, I believe, for its being carried over, but there are one or two observations which I wanted to make. I am under a slight apprehension as to just where we are heading if this resolution passes. In the first place I wish to say frankly that the motion picture bureau operating under the Department of Trade and Commerce, as far as its activities go, with the more or less limited appropriations that have been voted from year to year in the past, is in my opinion one of the most efficient, from the point of view of both equipment and personnel, that one could desire to have. I think the country has been extremely fortunate in having that personnel.

Another point referred to by the the minister is this. In recent years there has been a tendency to develop motion picture branches within other departments. I think that is deplorable, but we do not need a film board, nor need we have any bill, to deal with that. That is purely administrative. It is not peculiar to the motion picture industry. For instance, in statistics there is an overlapping, although some years ago it was all brought into the bureau of statistics.

The motion picture bureau was established for the purpose of serving all departments; but it is one of the inherent sins of the civil service—I do not say this in a condemnatory way, though it is a fact nevertheless—that there is a strong tendency on the part of civil servants to develop and expand their particular branches. For instance, there was a certain natural resources branch of the old Department of the Interior which was started with one man and a stenographer, and within a few years it had grown to 180 employees with vast expenditures for printing, illustrating and all the rest of it. Most of the material issued was taken from the bureau of statistics, revamped and issued a second time on very fine paper, with equally fine printing and lithographing. That was done away with.

What I am afraid of is this. We shall build up a film board—it is called a film board, and that is the dangerous part of it; but according to the resolution the board is only to review and report. Well, one does not need to erect a new board to review and report. The minister has told us that several deputies have already reported. At least that is what I understood him to say.

Mr. EULER: No. They conferred as to what sort of organization should be set up.

Mr. STEVENS: Well, there are the deputies and other responsible officers in the other departments; all that has to be done if there is overlapping, is for the Prime Minister—because if there is overlapping, the necessary action must be taken under the authority of the Prime Minister—to have those responsible in each department for the motion picture business get together, and then the Prime Minister, simply by order in council, would provide that the motion picture bureau, which might be put anywhere, I do not care where, should as at present constituted serve as the motion picture organization for the government. That is all that is necessary. A long review is not required nor is it necessary to constitute a new board. I venture this statement. If this resolution passes, if a film board is started, within five years there will be another radio commission or some other duplicate of that body.

When I was minister, speaking from memory I believe the vote for the motion picture bureau was in the neighbourhood of $50,000—I think it was less. Last year it was $88,000, and this year it is $150,000. That is before this coordinating effort has even begun. I warn the government that if this motion carries, they are heading in the direction of a new body of commissioners—I think a commissioner is contemplated, but I venture to say there will be commissioners or a commissioner and two or three assistants—and then there will be a glorification of their duties and their office, with an ever-increasing expenditure and ambitious undertakings entered upon. I would appeal to the Prime Minister to deal with this question in this way: that he and his colleagues in council issue instructions to the deputy ministers concerned—and if they know it comes from the cabinet they will act accordingly—that they must get together, iron out their differences, and turn over their activities to the existing bureau. If they do not like to turn them over to the Department of Trade and Commerce, or if it is thought better to put the bureau under some other department that can handle the work better, put it there; but do not let us start calling in outside people to tell the government what to do in a simple matter of administration.

In saying this, I am not criticizing the so-called motion picture bureau. It has been well managed, and I think its equipment is good. The hon. member for York South (Mr. Lawson) and I have differed on this before, but it is a perfectly friendly difference of opinion;

many of the films that have been issued have been of such a nature that I question whether it would be commercially possible to make and distribute them. That is particularly true of educational films, which have been valuable and which have been sent to various countries. Speaking now with my knowledge of the situation three or four years ago, to my mind this bureau has rendered a valuable service to Canada. But let us keep down the expense. I venture to say that if the government gives Mr. Badgley and the present staff of the motion picture bureau a reasonable vote, and turns over to that bureau the activities which have grown up in other departments in recent years, it will have an organization just as satisfactory as any that might be created in the form of a commission. I should like to emphasize that I think it necessary that we face these questions as administrative matters. They do not call for a public or semi-public investigation; they are purely administrative.

Mr. EULER: No.

Mr. STEVENS: I am going to be very strong in my opinion about that, because I know what I am talking about. The Prime Minister has frequently emphasized the principle of responsible government. He will please believe that I am not criticizing now, but I am urging that this is a case where the responsibility of the government can properly be exercised. I know that whoever is Prime Minister is an extremely busy man and cannot possibly delve into all the details of departmental conflicts and matters of that kind. But I assure him that if he will take administrative charge of this matter and instruct the various departments to get together, that can be done without need for this legislation. I fear that if this bill is allowed to pass, it will be simply the foundation for another commission. That may not be intended, but that is what it will become. I know the tendency, and it happens before one realizes it. So I warn the government that in my opinion they are starting something both costly and unnecessary.

Mr. WALSH: I remember a discussion that took place in this house a few years ago, when the hon. member for Comox-Alberni (Mr. Neill) was criticizing the Department of Fisheries in regard to the manner in which it had expanded during the previous few years. He gave as an example a workman engaged to shovel snow in front of the parliament buildings; and his analogy was that he came back five years later and found a whole line of offices, containing the commissioner of snow shovellers, several assistant commissioners, an accountant and a whole staff of employees. That is what is liable to happen in this case, and I quite agree with what was said by the hon. member for Kootenay East (Mr. Stevens).

In saying that I do not want it to be understood that I am in any way disparaging the effort that is being made to concentrate these activities within one department. I think that is all to the good. I think anyone in this house who has had anything to do with education, directly or indirectly, will appreciate the value of visual education in this day and age. I know that in connection with schools, colleges and universities a bureau of this kind would be of tremendous value, and I know it would be put to wide use. So I am hoping that despite the criticism that is being offered against this plan, which in my opinion will lead to extravagant expenditure that would be better devoted to the production of films rather than to the establishment of a commission or board such as is suggested here, the same amount of money will be voted but will be spent on the actual films rather than on the body that is to look after this work. I am quite certain that this can be carried on along the lines suggested by the former Minister of Trade and Commerce. I personally have desired to take advantage of these activities as carried on in different departments, and have found it difficult to know exactly where to locate certain films. I knew they existed, but I did not know exactly how to go about getting them. We would write one department; they would suggest that we write some other department, and by the time we got in touch with the right department the reason for wanting the film had disappeared or we had found another source.

In considering the development of this activity I hope the minister will take due cognizance of the fact that most schools are now being equipped with certain types of projectors, and will see to it that the films issued by his department will be such that schools as well as commercial enterprises may take advantage of them. All schools have not the 35 mm. machines; some have 16mm. and some 9 mm., and I should like to see this bureau developed in such a way that it will be of practical assistance to every institution in Canada as well as to commercial enterprises for the purpose of advertising Canada to better advantage both within and without this country. I hope the minister will take the criticism I am offering, in good faith. I am anxious to see this development,

but I am not anxious to see it along the line suggested. I should like to see the department organized so that those who may wish to take advantage of it may do so without too much trouble.

Mr. EULER: Rather than resenting what my hon. friend calls criticism, Mr. Chairman, I would say that he has advanced better than I did myself the reasons why there should be a film board or some central organization. When my hon. friend says that he approves the idea of one body—and I think he said this—being responsible for the distribution of films of an educational nature, for instance, which might be sent to the schools, and that sort of thing, he is presenting an argument for some central body to do this work.

Mr. STEVENS: You have it now.

Mr. EULER: No.

Mr. STEVENS: Sure.

Mr. EULER: We do not have it now. I must differ with my hon. friend.

Mr. LAWSON: What does Mr. Badgley do now?

Mr. EULER: He produces films, as he is asked by others. As it is now, he receives requests from the various departments to produce certain films. That is practically all he does. He produces the films, but he has nothing to do with their initiation. That comes from the various departments.

The hon. member for Kootenay East (Mr. Stevens) has suggested, in effect, that the Prime Minister should give instructions to the various departments to get together and to coordinate their efforts. That was carefully discussed in council, and the suggestion was made there that the whole organization and the complete preparation of films should be placed in one department. Since the film bureau is now in the Department of Trade and Commerce, it was suggested that it might all be placed under that department. But I will leave it to hon. members, and perhaps I should appeal particularly to those who have been members of a government: We will suppose the Minister of Trade and Commerce is in complete charge, that the Minister of Transport comes along and states he wants a certain film, and that the Minister of Mines and Resources states he wants some other film. All this has to pass the inspection and obtain the approval of the Minister of Trade and Commerce. I say that ministers are human. They are just as jealous of their own rights in their own departments as are other people. I for one, as Minister of Trade and Commerce, would not like to be placed in the position of having to pass on the application for a picture by this colleague or by that colleague.

Mr. LAWSON: Why could it not go to the treasury board? An expenditure of money is involved.

Mr. EULER: From what I know of the treasury board—and I have been a member of it for seven or eight years—they have enough to do, without passing on films. This is a matter which does not seem to me to come under the purview of the treasury board.

The argument advanced by the hon. member for Royal is the one I have been trying to make, and possibly did not make as clearly as I should have. This will have the effect of concentration in one spot.

Then again, while I am not emphasizing the point I think it is of importance, and bears directly on what the hon. member for Kootenay East has said. He has commented on the fact that we now have items amounting to $150,000, whereas when he was in office the appropriation was only $50,000.

Mr. STEVENS: It was $40,000 in 1937.

Mr. EULER: It seems to me that goes to prove that the film has become a most powerful factor in the education of our people, and in publicity generally. I am not going to say here that there may not be some expansion, so far as expenditures are concerned, and quite justifiably so. But I would also say that I do not share the fear of the hon. member for Kootenay East, that this is going to expand into a large organization with a tremendous expense. I believe I can assure the committee that that will not take place.

As a matter of fact, as I said the other night the film board itself will not have any paid officials whatsoever. There will be only one paid official, namely the commissioner himself.

Mr. MacNICOL: Their expenses will be paid?

Mr. EULER: Yes, travelling expenses. May I point out that the fact that money must be voted by parliament indicates that there is a most complete control of expenditures. Unless money is voted, the board cannot spend it.

Mr. STEVENS: Would the minister say, if possible—and if not, would he bring the information down later—what other departments now operate anything in the nature of a motion picture branch, and what have been the appropriations in the last few years for each of those departments?

Mr. EULER: There is no other department which operates a film bureau.

Mr. STEVENS: But they have some activities in that respect.

Mr. EULER: Yes.

Mr. MacNICOL: What do they do?

Mr. EULER: Well, the Department of Fisheries may get out pictures; the parks branch may get out pictures; the Department of Agriculture has some, and I know in connection with tourist business the Department of Transport has some. There may be some others.

Mr. LAWSON: When the minister says "get out pictures," he does not mean that they make them?

Mr. EULER: No. There is only one film making organization in the government, and that is the motion picture bureau which is attached to the Department of Trade and Commerce. For instance, when the Minister of Transport gets out a film to illustrate the beauties of Canada, for purposes of tourist travel, he has it made either in our own department, by our own film bureau, or he may have some private film manufacturing organization make it for him. I believe he has done that in the past, and as I said the other night, there is nothing to prevent its being done again. We have to use our own well equipped film bureau for most of the government work, but it is provided in the bill that if the board is satisfied the work can be done better in some other way, by a private film organization, it may be done in that way, with the board's consent. But the board's consent must be obtained.

So far as the board is concerned, the purpose is that the various requests for films which come from the departments must be passed on by the central organization, in order to avoid overlapping and to make it more efficient. Then, later on, it must see to it that there is a better distribution than has been given by the various departments. And then—and I mention it again, because I think it is important, although I do not emphasize it—it is a direct or primary purpose of the bill that there should be some organization which could initiate what are sometimes called documentary films, but which I have called national films, or films which may be of use to the whole nation, or to the youth of the nation, in an educational way, and which would not be initiated by any one department, because each department has its own specialized work to do.

[Mr. Stevens.]

Mr. MacNICOL: If it were allowed to initiate films, would that not increase the work of the motion picture bureau?

Mr. EULER: It might enlarge the work of the picture bureau. But if it is legitimate, and if the house votes money for a national purpose, then I see no reason why a moving picture bureau should not enlarge its activities. I do not see why it should enlarge the expense of the board itself. I do not see why the board ever should change in number, or why there should be any greater expense.

Mr. LACROIX (Quebec-Montmorency): May I ask the minister if the bilingual nature of the country will be taken care of, especially in so far as explanations in the French language are concerned?

Mr. EULER: I should think if any of the departments wanted a film issued in bilingual form, there would be no reason why it should not be done.

Mr. LACROIX (Quebec-Montmorency): I should not like to have any distributed in the province of Quebec without having them bilingual. I should like the minister to take note of that.

Mr. EULER: It would be in the hands of any minister who wished to distribute the film.

Mr. HAYHURST: I think the appointment of a commissioner would be an excellent idea because, as all hon. members know, visual instruction is important these days. Coordination of the work of the different departments could be brought about by a commissioner. But, in connection with a position as important as the one now in question, would the minister assure us that the appointment would be made because of efficiency and not because of political leaning?

Mr. EULER: I will give that assurance very freely.

Mr. SPENCE: What does the hon. member expect?

Mr. WALSH: I notice the word "commissioner" appears in the resolution. Would such commissioner have the same status as a commissioner of immigration or a commissioner of excise, and other officials of that kind?

Mr. EULER: If the hon. member is inquiring as to whether or not he would have the status of a deputy minister, I would say, no.

Mr. LAWSON: Would the minister suggest what functions the commissioner would perform other than those now being performed

by Mr. Badgley of the motion picture bureau? I understood the minister to say that one of the objectives is to get better distribution than has been obtained heretofore. Conceivably that might be one reason. Can the minister suggest any other purpose for this higher salaried official—because that is what he would be—being superimposed on the top of the motion picture bureau we already have?

Mr. EULER: For the information of the hon. member may I point out that there is a section in the bill describing the duties of the commissioner.

Mr. LAWSON: But that does not mean much. However, I shall leave discussion of that point until the bill is introduced.

Mr. EULER: Possibly it would be better to discuss it then.

Resolution reported, read the second time and concurred in. Mr. Euler thereupon moved for leave to introduce Bill No. 35, to create a national film board.

Motion agreed to and bill read the first time.

PRAIRIE FARM REHABILITATION

AMENDMENT TO EXTEND PERIOD OF OPERATION OF ACT, ETC.

Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Prairie Farm Rehabilitation Act to extend the period of its operation and to vest in the minister authority to enter into certain agreements and to carry out and perform certain duties incidental to the operation of the act.

Motion agreed to and the house went into committee, Sir Eugene Fiset in the chair.

Mr. GARDINER: The Prairie Farm Rehabilitation Act was passed in 1935 under which an advisory committee was set up to advise the minister. Section 7 reads:

The governor in council may make such regulations as may be necessary or expedient for the effectual execution and working of this act and the attainment of the intention and objects thereof.

That is really the active part of the legislation. During the four or five years this act has been in operation we have found it necessary to do certain things by regulation which, now that the practice has been established, we think should be in legislative form. The act of 1935 set out that certain amounts were to be expended over a five year period. That period comes to an end this year, and the intention is to take the date out of the act in order to make it possible to continue activities under the prairie farm rehabilitation legislation. The practices which have been found necessary to be followed in order to carry out the intention of the act, and which will now be put in legislative form are, first, the entering into agreements with provinces, cities and other municipal bodies for the carrying on of activities within the province or the municipality; second, the acquiring of lands. Where we decide to flood areas we sometimes have to acquire land before it is done. Then, on occasion in connection with irrigation activities we have to acquire land, and also sometimes in the setting up of community pastures. Instead of basing our action on order in council, based upon regulation, we are asking for legislative authority to do it by order in council. The other provision has to do with the acquiring of machinery necessary to the carrying out of works, and the disposing of that machinery when we are through with it.

Mr. DOUGLAS (Weyburn): There are a number of matters I should like to discuss, but perhaps it would be better to leave them until the bill is before us in committee. I should like, however, to ask the minister if he can give us certain information now which would enable us to discuss this matter more intelligently when the bill is brought down. For instance, I have in mind what sums of money have been spent under the act, what projects have been undertaken, where they are located and their cost. If the minister had a table containing this information, perhaps he could place it on *Hansard*. If we had this information before us, I am sure it would save us asking a number of questions when the bill is brought down.

Mr. GARDINER: I have no information available to provide what has been suggested by the hon. member for Weyburn (Mr. Douglas), that is, to indicate where these different works have been carried out and their number. I can say, however, that the first year the act was in operation $750,000 was voted, and to the best of my memory the amount expended was in the neighbourhood of $400,000. The next year $1,000,000 was voted and a little over $750,000 was expended. The year following $2,000,000 was voted and between $1,600,000 and $1,700,000 was expended. This past year $3,500,000 was voted, of which the greater part will have been expended before the end of March. I do not think there will be more than $100,000 remaining unexpended if there is that amount. The number of projects runs

into the hundreds, and I am not sure that they do not run into the thousands. It would be impossible for me to enumerate them at the moment, but I can have the information brought down and placed on the table so that hon. members can discuss the matter in detail when the legislation is going through or on my estimates, which, after all, would give us the best opportunity.

Mr. DOUGLAS (Weyburn): I was not thinking so much of a list of all the projects; what I had in mind were the larger projects, and possibly the total number of dug-outs, the total number of dams, the total number of acres put under irrigation, the total number of community pastures set up, and so on. If the minister has not that information, perhaps he will have it available in committee.

Mr. GARDINER: I think most of that information has been made available already, either in answers to questions or in preparation of orders for return. If any orders have not been brought down, they will be tabled within a short time, in order to have them available before this legislation is discussed.

Mr. DOUGLAS (Weyburn): I have been watching for that information. If we can have it before the bill is brought down, we shall be able to discuss this matter much more intelligently.

Mr. GARDINER: I will see that that is done.

Mr. HANSELL: Will there be much difference between the present bill and the previous act, or is it just intended to extend the period of time?

Mr. GARDINER: The only amendment to the phraseology of the old act is to extend the period of time, and then three sections are being added to do under legislative authority what I suggested a moment ago had been done previously by regulation and order in council.

Mr. MacNICOL: Was all the money expended under this legislation provided by the federal government, or did the provinces and the municipalities subscribe anything?

Mr. GARDINER: All the money expended under this legislation was provided by the federal government.

Resolution reported, read the second time and concurred in. Mr. Gardiner thereupon moved for leave to introduce Bill No. 36, to amend the Prairie Farm Rehabilitation Act.

Motion agreed to and bill read the first time.

[Mr. Gardiner.]

PENSION ACT

ABOLITION OF PENSION APPEAL COURT AND EXTENSION OF TIME FOR PENSION APPLICATIONS

Hon. C. G. POWER (Minister of Pensions and National Health) moved the second reading of Bill No. 6, to amend the Pension Act.

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, to-night I am disappointed that the Minister of Pensions and National Health did not explain this bill because soldier legislation is of great interest to all members of the house and is hard to understand unless one has followed soldier problems closely. It must be particularly difficult for those members who are not veterans, and after all there are only about thirty-five members of this present parliament who served overseas. For these reasons I think the minister might have taken the time to explain to the house exactly what this bill purports to do.

Mr. POWER: He did on the resolution and first reading of the bill.

Mr. GREEN: It was not a long explanation.

Mr. POWER: I thought my hon. friends were intelligent enough to understand it.

Mr. GREEN: I am afraid the minister overestimated our intelligence.

Mr. POWER: He knows he did.

Mr. GREEN: The Pension Act is the charter of the veteran who was disabled on service, and of his dependents, but these amendments directly concern not only those veterans who are drawing pensions but also those who in the future will be able to prove that they have suffered disability as a result of their service.

This charter, the Pension Act, has been amended only once before by this parliament, and that was in 1936 at our first session. Then it was amended only after a most careful and searching investigation by a special committee on pensions and returned soldier problems. That special committee heard representations by soldier bodies; they heard evidence from departmental officials; they studied the bills which were placed before the house at that time; and they brought in a unanimous report in so far as amendments to the Pension Act were concerned.

That committee was composed practically entirely of veterans, and I think members on the other side of the house will agree with

me when I say that we left politics outside the door of that committee and considered soldier problems on a non-partisan basis.

I suggest to the minister to-night that this could be done again now, and that it is greatly to be desired. I suggest that the same procedure be followed in regard to this pension bill we are now considering and also in regard to all the present-day returned soldier problems. I do not think it is fair to the returned soldiers of Canada that legislation of this type should be rushed through without being given due consideration, and I urge strongly to-night that this bill be sent to such a special committee because the bill does not meet the present situation. It does not meet obvious defects in our pension law, and now that the Pension Act is being opened up, all these defects should be remedied.

The bill does only two things. First of all, it abolishes the pension appeal court, and I think the government are to be commended for providing for its abolition. The last report of the Department of Pensions and National Health gives, at page 77, the figures of the findings of the pension appeal court during the fiscal year ending March 31, 1938, and we find these figures startling.

During that fiscal year the appeal court rendered 2,363 decisions on appeal. Of that number only nineteen appeals by veterans were granted, and twenty-three cases were sent back for rehearing. In other words, in about forty cases only out of over 2,300, the veteran either won his appeal or had a chance of gaining a pension on a rehearing. But against that, the crown, in other words the government, won seventeen appeals. There were seventeen crown appeals allowed as against nineteen appeals by the veterans across Canada, and there were sixteen crown cases sent back for rehearing. So that during the year the pension appeal court has not been of very great benefit; in fact, one might say it has been of no benefit at all, to the veterans of Canada.

Under this bill the appeal court is to be replaced by appeal boards of the pension commission. These appeal boards will take the place of the present quorums of the pension commission, and according to the bill are to consist of three members instead of two, which is the number making up the quorums at the present time. These new appeal boards will sit not in Ottawa alone, as is the case with the present appeal court, but in the different large centres of Canada. I think this is a splendid move because the boards will have the great advantage of seeing and hearing most of the applicants, and on the other side of the picture the applicants will have more confidence in these appeal boards than they have at the present time in a court which sits at Ottawa.

Another thing which is done by this bill No. 6—and I repeat that this bill touches only two problems—is that it extends the deadline for pension applications by veterans who served in a theatre of war, from January 1, 1940, to January 1, 1942.

For the benefit of those members who have not followed soldier legislation, there was no deadline prior to 1936. In that year when the Pension Act was amended, parliament set July 1, 1936, as the deadline for applications by veterans who served only in England or Canada, and January 1, 1940, as the deadline for the others, in other words, for the front line men. In respect of this latter class there was a discretion given to the pension commission to grant leave to apply for a pension even after the deadline had gone into effect. It will be found in the present section 12A, paragraph (b). Section 12A starts by saying that:

> A pension for disability of a member of the forces, shall not be awarded unless application therefor has been made—

Then follows paragraph (a), which provides for the man who did not serve in a theatre of war; paragraph (b), reads as follows:

> (b) before the first day of January, 1940, with respect to a member of the forces who saw service in a theatre of actual war, provided always that the commission may, in its discretion, with respect to this class, grant leave to have the application entertained after the first day of January, 1940.

At that time, in the committee which met in 1936, strong objection was taken to there being a deadline for the fighting men. I would point out to members of the house that each year it becomes more difficult for these veterans to prove their claims. They have to trace their disability back to the war, and each year it is more difficult to do that. The number of applications is dropping year after year; we find, for instance, that in the fiscal year 1934-35 there were 15,122 applications for pension; in the fiscal year 1935-36 that number had dropped to 11,216; in 1936-37 it fell to 11,096, and in the last year of which we have a record, the fiscal year 1937-38, the number was 10,450, or a further drop of 646 applications.

Then there is this fact to be remembered with regard to a deadline, that most of the applicants will be men who were actually wounded overseas. There are thousands and thousands of Canadians who were wounded overseas but are not yet drawing a pension.

From time to time they break down from their disabilities; and I do not think any additional restriction should be placed upon the opportunity of men of that type to get a pension. They should not have this additional handicap of being required first to go to the commission and convince it that it should exercise its discretion to allow them to apply for a pension. Such discretion may be exercised freely. It will depend a great deal on the members of the commission. But certainly the deadline means some restriction on the obtaining of a pension and I submit to this house that there should be no deadline for the fighting men.

Bill No. 6 extends it until after the next election; the deadline is extended to January 1, 1942, which means that the act will probably have to be reopened again in 1941.

Those are the two things which are done by this bill. But there are other defects in the Pension Act which Bill No. 6 does not touch at all. I have no doubt that practically every hon. member in this chamber to-night has run across cases of the classes I am going to recite.

First of all, under the present Pension Act, section 77, no pension is payable in respect of the child of a pensioner born after May 1, 1933. In other words, if a pensioner has children born before May 1, 1933, he draws an allowance for them until they are sixteen years of age; but if he has children born after that date he cannot draw any allowance for such children. That means there is a split family; the allowance is paid for some children and not for others. It also means discrimination as between the old and the young pensioners. I thought the position was very clearly set forth in a letter which I received a few weeks ago from a pensioner in British Columbia. He says:

> I am a disabled veteran sixty per cent, gun shot wounds leg and foot, three years five months in hospital, was married after 1933. Now I have two children. My last child was born without doctor or even nurse. I am healthy in body and mind. Now is it justice I should be penalized just because I was married after 1933. My wife has to go out selling laces from door to door.

There is no justice in that situation. There is no rhyme or reason for it, and if the people of Canada realized that such a situation existed, I do not believe they would stand for it.

Another defect in the present act is that no pension is payable in respect of the wife of a pensioner married on or after that same date, May 1, 1933. That again means discrimination, particularly as between the old and the young pensioner. The women married after that date deserve the allowance.

There is no justification for denying it. It would not open the way to deathbed marriages such as apparently occurred after the American civil war. It would not allow things like that to be done because the provision would apply not to a widow but only to the wife of a pensioner.

A third defect, probably the most serious of all, is that no pension after death is payable to the widow of a pensioner unless (1) he dies of his pensionable disability, or (2) was a pensioner drawing a pension of eighty per cent or over. I can best illustrate that situation in this way. Suppose a man is drawing a fifty per cent pension for a leg wound or any other disability: unless he dies of that disability his widow gets no pension. If he is unfortunate enough to be run over by a street-car his widow is just out of luck. Many of these widows of pensioners are in a desperate plight. There is little possibility of many pensioners providing for the proper care of their wives in the event of the husband's death, and I suggest that the Pension Act should be amended at this session. This matter should not be allowed to drift any longer. For example, the act might be amended to give the pension commission power in needy cases to pay the whole or at least a portion of the pension for death to the pensioner's widow. Under the present War Veterans' Allowance Act, which covers a class of men who cannot trace their disabilities to war service, the whole or at least a portion of the war veteran's allowance can be paid to the widow of the recipient for the period of a year. That is in section 9 of the act, which reads:

> After the death of any recipient an amount not exceeding the sum of twelve monthly instalments of the allowance which the recipient was receiving at the time of his death may, at the discretion of the board, be paid to his widow or for the benefit of any child.

Yet that cannot be done in the case of a pensioner. Unless the widow of a pensioner can show entitlement to pension for death, she cannot get any payment at all after her husband's death; she is just cut off and left to fend for herself.

A fourth defect in the present act—and I intend to refer this evening only to these four—has to do with nerve and mental cases. Medical members of the house will be glad to learn that this situation has been caused by medical experts. They have decided that many nerve or mental troubles are congenital defects; in other words, they are defects from birth and not caused by war service. For example, if a soldier has a bad nervous break-

down, under these medical findings it is because he was born to have it and not because of the alarms, the sufferings and the hardships of the war. Hence no pension is payable in many cases, in fact in far too many of these nerve cases. I cannot understand it; it is beyond me; it is a matter of medical opinion. But these pensions are withheld because of the way in which the Pension Act reads. I refer hon. members to section 11, subsection 1(b), which is as follows:

No deduction shall be made from the degree of actual disability of any member of the forces who has served in a theatre of actual war on account of any disability or disabling condition which existed in him at the time at which he became a member of the forces; but—

And it is always these "buts" which cause the trouble.

—no pension shall be paid for a disability or disabling condition which at such time was wilfully concealed, was obvious, was not of a nature to cause rejection from service, or was a congenital defect.

The trouble is that the doctors hold that these nerve troubles are a congenital defect. In 1936 we proposed an amendment to that section by adding these words, "of a nature other than mental, neuropathic or psychopathic," which I think would get over the difficulty. We could not, however, have that amendment accepted by the committee.

These are the main defects in the act. There may be others, and the whole act should be carefully reviewed and brought up to date now. Perhaps we could get finality if this were done, and it would not be necessary to tinker further with the act. Certainly every soldier in Canada will be glad when the act is finally brought to completion. Under the proposed bill No. 6, however, we cannot get finality, we cannot stop tinkering, simply because the bill as presented does not touch at all some of the most urgent problems facing the pensioners of Canada to-day, and facing those soldiers who, while they may not be drawing a pension now, will, as time goes on, be able to show that they are entitled to do so.

Mr. T. L. CHURCH (Broadview): The motion is for the second reading of the bill, some features of which I should like to discuss briefly. In view of the fact that this parliament has made provision for the veterans of the South African war to be placed within the four corners of the act, with the same privilege as is enjoyed by the veterans of the great war, with a pension of $20 monthly for single men or widowers and $40 for married men with wives, I am surprised to find that another deserving body of veterans are not included. I refer to those who served so admirably in the Northwest rebellion of 1885. Those were indeed critical days in the history of the west and of all Canada. Unfortunately there was a difference of opinion resulting in rebellion and military force became necessary. About 2,000 men went from Toronto, Ontario, and Nova Scotia and Quebec to the west, crossing lake Superior with the temperature at times at sixty degrees below zero or lower. Police Magistrate Colonel Dennison commanded the governor general's bodyguards. Among other excellent soldiers were the Queen's Own. General Pellatt, who formerly commanded the Queen's Own, took his battalion later to the diamond jubilee of Queen Victoria.

The Tenth Royal Grenadiers were also in that expedition to the west. These men suffered untold privations for the good of Canada, and they have had no pension all these years. Some of their sons and grandsons enlisted in the South African war and in the great war. The veterans of 1885 are getting up in years and many are suffering greatly to-day. Many are virtually nearly out on the streets. They want the same pensions as the South African veterans. It will not be very much.

The veterans of the Riel rebellion on their return received a small grant of land in the northwest, but as a matter of fact it was useless to them because they could do nothing with the property. It was situated in the northwest and they could not get transportation, so that the gift was practically worthless. The land was too far away to be looked after and the result was that they lost control of it. A great many of these men are in the cities and towns of Ontario, some in the maritime provinces and some in other Canadian cities. I once saw, when I was in the first form at school, a wonderful battalion in the old drill shed at the foot of Jarvis street. They were called the Haligonians from Halifax and were a splendid body of men. They were on their way home after the rebellion. Men in all parts of Canada responded as best they could to the call to duty for Canada at that time because it was doubtful whether the west would have developed as it has had not that action been taken. As I say, these men suffered untold privations, but saved Canada from being dislocated.

Last Friday I saw 200 veterans of the South African war at their annual banquet, and they were glad that parliament had at last done something to keep a few of them out of the poorhouse after waiting all these years for a pension. Had it not been for the veterans of the Riel rebellion, the militia units would not

have been what they were when the South African war and the great war broke out. These veterans of 1885 now respectfully ask that the government place them on the same footing and terms, also conditions, as the South African veterans. There must be many South African veterans now living, over seventy years of age, who will come under the federal government's pension scheme. The veterans of 1885 are all over seventy years of age and they could apply for old age pension; but under this heading, if they so applied and they had a case which by extraordinary effort they were able to prove, it would be necessary for them to assign their property to the old age pension board, and if that property were sold or disposed of, the money so loaned would have to be repaid to the board out of the purchase money, which to a greater or less extent might cripple them.

The Ontario pension board would only pay the $20 monthly, with no further allowance for married men. Many of these men are suffering great hardships rather than come under the stigma and humiliation of accepting an old age pension.

It is eleven o'clock and I move the adjournment of the debate.

Motion agreed to and debate adjourned.

TRADE AGREEMENTS

CANADA-UNITED STATES—TABULAR STATEMENT OF TARIFF CHANGES

Right Hon. W. L. MACKENZIE KING (Prime Minister): With the consent of the house, I should like to lay on the table a tabular statement both in English and in French of tariff changes resulting from the Canada-United States trade agreement. This will be helpful to the committee.

Mr. MANION: Will it be distributed?

Mr. MACKENZIE KING: It is for distribution to members of the house.

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

Friday, March 10, 1939

The house met at three o'clock.

FISHERIES ACT

BEAM TRAWLING—AMENDMENT RESPECTING VESSELS TO BE REGISTERED AND BUILT IN CANADA

Mr. J. J. KINLEY (Queens-Lunenburg) moved for leave to introduce Bill No. 37, to amend the Fisheries Act, 1932.

[Mr. Church.]

He said: Mr. Speaker, this bill contains an amendment to one of the qualifying paragraphs of the Fisheries Act which relates to licences for certain types of fishing. The effect of the measure I believe would be to prevent beam trawling as at present carried on.

Motion agreed to and bill read the first time.

NATIONAL DEFENCE

SURVEY AND REGISTRATION OF EX-SERVICE MEN—ADJOURNMENT MOTION TO DISCUSS MATTER OF URGENT PUBLIC IMPORTANCE

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, I desire leave to move the adjournment of the house to discuss a definite matter of urgent public importance, namely, the public announcement this date in the press and over the radio of a nation-wide survey and registration of ex-service men for the purpose of assisting the authorities in safeguarding the internal security of Canada under conditions of international tension, and the fact that there has been no pronouncement by the government as to whether official approval has been given the scheme, or whether present conditions warrant any partial registration for national service.

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Speaker, I rise to a point of order with respect to the proposed resolution. May I say immediately that this has been a voluntary effort of cooperation—

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

Mr. MACKENZIE (Vancouver): I am discussing whether or not it is a matter of urgent public importance, and I say immediately it is not. It has to do with a voluntary effort on the part of all ex-service men who have been for some time in Canada. They did approach the government with reference to this matter, and they were told that the information which would be available as a result of registration would be welcomed by the authorities. I fail to see how this attempt to anticipate what was to be a press release this evening can be regarded in any way as a matter of urgent public importance. I deprecate the attempt by anybody to play politics with the very noble efforts of the ex-service men of the Dominion of Canada.

Mr. MacNEIL: On the point of order, and discussing the question whether this is a matter of urgent public importance—

Mr. WALSH: Is there a point of order before the chair? Has the chair received that intimation?

Mr. SPEAKER: I am ready to give my decision, unless the hon. member wishes to speak.

Mr. MacNEIL: On the point of order, Mr. Speaker; I submit that the Minister of National Defence (Mr. Mackenzie) has no right to impute motives.

Mr. CHEVRIER: The hon. member has no right to take up the time of the house as he has.

Mr. MacNEIL: This announcement has had a profound effect throughout the country. The veterans have been criticized; and I think the government should explain the situation.

Mr. SPEAKER: I have the motion before me; I have taken time to consider it, and I am ready to give my decision.

Mr. MacINNIS: Mr. Speaker, before you give your decision,—

Some hon. MEMBERS: Order.

Mr. MacINNIS: I think this section of the house is entitled to the same hearing that the minister received when he spoke. The minister did not raise a point of order; he explained the matter which the hon. member for Vancouver North (Mr. MacNeil) had raised. In view of what the minister has said, I think the hon. member for Vancouver North has a perfect right to state why he is raising this point in the house to-day.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, may I say a word as to the procedure which it seems to me should be adopted where it is the intention of an hon. member to move the adjournment of the house to discuss a matter of urgent public importance? In previous sessions we have considered such matters, and it was generally understood that where a member proposed to bring forward a matter as being one of urgent public importance he should before coming into the house, submit it to the Speaker in order that his honour might have an opportunity to decide whether or not it was a matter of urgent public importance and thereby be in a position to give his opinion to the house as soon as the subject might be brought up. The question of deciding whether or not a matter is of urgent public importance rests entirely with the Speaker. I do not know if His Honour the Speaker was given this particular statement in advance, but I suggest that on future occasions when a step of this kind is contemplated the procedure be as I have outlined it, because I believe it is the procedure which would best suit the convenience of all hon. members of the house.

Mr. SPEAKER: Standing order 31 states:

(1) Leave to make a motion for the adjournment of the house (when made for the purpose of discussing a definite matter of urgent public importance) must be asked after the ordinary daily routine of business (standing order 15) has been concluded and before notices of motion or orders of the day are entered upon.

(2) The member desiring to make such a motion rises in his place, asks leave to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance, and states the matter.

(3) He then hands a written statement of the matter proposed to be discussed to the Speaker, who, if he thinks it in order and of urgent public importance, reads it out and asks whether the member has the leave of the house.

I have just read the motion and in my opinion the matter to which it refers is not one of urgent public importance.

Mr. MacNEIL: With all deference, I object, and I ask hon. members supporting me to rise. I have the privilege under the rules of the house to appeal.

And more than five members having risen:

Some hon. MEMBERS: Sit down.

Mr. LAPOINTE (Quebec East): I ask my hon. friend to read the rules and consider carefully whether there is an appeal from such a decision of the Speaker. This is not an ordinary ruling. It is a duty which devolves upon the Speaker to say whether in his opinion —not in any other opinion—the matter sought to be discussed is a matter of urgent public importance. I do not think there is any appeal to the house from the decision of the Speaker as to whether this is or is not a matter of urgent public importance.

Mr. MacINNIS: On a point of order, Mr. Speaker—

Mr. SPEAKER: Government notices of motions.

Mr. MacINNIS: Mr. Speaker—

Mr. SPEAKER: Orders of the day.

Mr. MacNEIL: The rule reads:

If objection is taken, the Speaker requests those members who support the motion to rise in their places and if more than twenty members rise accordingly, the Speaker calls upon the member who has asked for leave.

(4) If less than twenty, but not less than five, members rise in their places, the question whether the member has leave to move the adjournment of the house shall be put forthwith, without debate, and determined, if necessary, by a division.

I have stated my objection, and more than five members rose in their places.

Mr. SPEAKER: That may be the procedure if objection is taken when I put the

motion. The Speaker is here to decide points of order, and the question referred to the house is not a point of order.

Mr. MacINNIS: I protest against this ruling. It is absolutely not in accord with the rules by which this house proceeds.

Mr. SPEAKER: I have rendered my decision and it cannot be questioned.

Mr. MacINNIS: But it is questioned. We appeal against your decision.

Mr. MacNEIL: With all deference I challenge your ruling.

Mr. MacINNIS: This has never been done in the house before.

Mr. MANION: Mr. Speaker, I should like to speak to this matter for a moment. I am not rising to support the hon. member (Mr. MacNeil), but with all due respect I think the hon. members to my left here are right. If five members rise, the Speaker then puts the question to the house. I may be wrong, but it seems to me that the rule is clear. It states:

He—

That is the member—

—then hands a written statement of the matter proposed to be discussed to the Speaker, who, if he thinks it in order and of urgent public importance, reads it out and asks whether the member has the leave of the house. If objection is taken, the Speaker requests those members who support the motion—

Objection has been taken by the minister and by the Prime Minister (Mr. Mackenzie King).

—to rise in their places and if more than twenty members rise accordingly, the Speaker calls upon the member who has asked for leave.

I take it that twenty did not rise, but five did. The next paragraph says:

If less than twenty, but not less than five, members rise in their places, the question whether the member has leave to move the adjournment of the house shall be put forthwith, without debate, and determined, if necessary, by a division.

Under my reading of the rule, the hon. members are right in their request.

Mr. LAPOINTE (Quebec East): On this new point of order, Mr. Speaker, may I say this. What my hon. friend has read applies to what takes place after the Speaker has stated that he thinks the motion is in order. Paragraph 3 of standing order 31 covers the action taken after the Speaker has accepted the motion, after he has expressed the opinion that it is in order. The rule reads:

He then hands a written statement of the matter proposed to be discussed to the Speaker, who, if he thinks it in order and of urgent public importance, reads it out and asks whether the member has the leave of the house. If objection is taken—

And so on. All that my hon. friend has read happens after the Speaker has stated that he thinks the motion for adjournment is in order. When he thinks it is not in order, that aspect of the matter ends then and there. Now, as to an appeal from the ruling, standing order 12 reads:

Mr. Speaker shall preserve order and decorum, and shall decide questions of order, subject to an appeal to the house without debate.

This is not a question of order which has been raised, and there is no appeal from the decision of the Speaker. Under standing order 31 Mr. Speaker is simply asked to state whether he thinks the matter should be submitted to the house. There is no appeal. There is no point of order there.

Mr. MacINNIS: There is.

Mr. LAPOINTE (Quebec East): He gives an opinion; he states whether the matter should be submitted to the house.

Mr. DOUGLAS (Weyburn): On the point of order, standing order 31, paragraph 3 reads:

He then hands a written statement of the matter proposed to be discussed to the Speaker, who, if he thinks it in order and of urgent public importance, reads it out—

I would point out that your honour has read it out, and by doing that recognizes it as being a matter of urgent public importance.

Mr. LAPOINTE (Quebec East): The Speaker did not read it.

Mr. MACKENZIE KING: The Speaker read it to himself, he did not read it out.

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): Before the orders of the day are proceeded with I would ask the Prime Minister if this scheme has met with the approval of the government.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I must say to my hon. friend that I do not know what scheme he means. I have not seen any scheme. If my hon. friend will put his question on the order paper I shall try to answer it.

Mr. DOUGLAS (Weyburn): May I ask a supplementary question of the Minister of National Defence (Mr. Mackenzie)? The Prime Minister did not have any knowledge of the matter referred to by my colleague (Mr. MacNeil), but apparently, judging from his remarks of a few moments ago, the Minister of National Defence did. May I ask

him whether the subject matter of that plan has been approved by him, by his department and the government.

Mr. MACKENZIE (Vancouver): I think I have answered that question already, but if the hon. member desires any fuller information and will place a question on the order paper, I shall be only too happy to accommodate him.

NATIONAL DEFENCE

CREATION OF DEFENCE PURCHASING BOARD TO ENTER INTO CONTRACTS FOR MUNITIONS, EQUIPMENT, MATERIALS AND SUPPLIES

Hon. IAN MACKENZIE (Minister of National Defence) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to establish a defence purchasing board with exclusive power, subject to approval of the governor in council, to enter into all contracts for the purchase of munitions, equipment, materials and supplies required by the Department of National Defence in cases where the expenditure exceeds $5,000; to provide safeguards to assure that such munitions, equipment, materials and supplies shall be purchased at a reasonable cost to the government and without unreasonable profit to any manufacturer or supplier thereof; to provide that salaries, wages and other expenses of the board shall be payable out of moneys appropriated by parliament.

To authorize the governor in council to borrow such sums of money as may be required to pay expenditures of the Department of National Defence which are chargeable to capital account in the appropriations provided by parliament for the said department; and to provide a sinking fund sufficient to retire in ten years the said sums borrowed for capital expenditures of the said department, together with interest thereon at three per cent per annum.

He said: Mr. Speaker, I think this is one of the most important resolutions that have come before the attention of this house during this or any previous session. In the first place, Mr. Speaker, it might be of interest and of benefit to every hon. member of this house if I be permitted to traverse some of the historical background of the efforts that have been made in peace and in war to meet this urgent problem of the control of munitions supplies. I proceed immediately, sir, to some of the efforts that were made in Great Britain in the years between 1914 and 1918 to deal with this question.

I cite first The Munitions of War Act of 1915, introduced into the British House of Commons by the Right Hon. David Lloyd George, which gave the government control over labour relations in the armament industry and provided for the limitation of profits in establishments which were producing munitions. The average net profits earned in the two years immediately prior to the war were taken in that act as the basis of computation, and profits exceeding by one-fifth the average for the preceding two years were taxed at the rate of one hundred per cent. In Great Britain at that time they also had an excess profits tax which applied to all industries with certain exemptions. The average profits earned in the years prior to the war were ascertained, and profits exceeding by more than $1,000 (£200) the pre-war average profit, were taxed at the rate of fifty per cent.

Then leaving the war years, and coming down to the year 1937, hon. members of this house will recall that the present Prime Minister of Great Britain, the Right Hon. Neville Chamberlain, then chancellor of the exchequer, introduced in Great Britain what is known as the national defence contribution. Although the provisions of that legislation were drastically modified after its introduction, there is still a special tax under the legislation on the profits of all trades or businesses over a five-year period, at the rate of five per cent in the case of corporations, and four per cent in all other cases. When the profit does not exceed $10,000 (£2,000) the tax does not apply. There are, of course, some modifications and exemptions.

I come now, sir, across the Atlantic to legislation adopted in the republic to the south of us, and I refer to the Vinson Act of the United States, passed in 1934, and applying only to the United States navy. Under this legislation no contract may be made by the Secretary of the Navy unless the contractor agrees to pay into the treasury, profits in excess of ten per cent of the contract price. Should the contractor fail to pay the treasury department levies a tax of the amount which should have been paid under the agreement. This does not apply to contracts or subcontracts of less than $10,000.

In the United States they also have an excess profits tax, which is a general tax, and profits are calculated as a percentage of the existing and declared value of the capital stock, and the rates fixed are as follows: On profits in excess of 10 per cent and not in excess of 15 per cent, the rate of tax is 6 per cent; on profits in excess of 15 per cent, the rate of tax is 12 per cent.

Mr. MANION: May I ask if the figures the minister has just given apply to all profits, or just to profits on munitions contracts?

Mr. MACKENZIE (Vancouver): It refers to a general tax.

I come back now to the war years in the Dominion of Canada, and will briefly mention the various pieces of legislation that were

passed by the parliament of Canada and the steps taken by the government of Canada at that time to meet the very perplexing problem of profits during the years of the war.

On May 8, 1915, an order in council was passed establishing the war purchasing commission, consisting of three members. This commission was given the power generally to make all contracts for the purchase of materials of war and supplies of every kind, and for transportation, payable out of the War Appropriation Act of 1915. The largest part of the work of this commission concerned the purchase of supplies for the Canadian expeditionary force. The order in council sets forth certain provisions relating to the constitution of the board and the rules governing its procedure. For example, no contract could be made by the commission except under a requisition made upon it by the department concerned; and it might be noted, sir, in contrast to the legislation to be introduced consequent upon the resolution now under consideration and discussion, that the war purchasing commission did not require the approval of the governor in council for proposed contracts, although the council did authorize the release of funds and certain specific purchases. That is to say, sir, that so long as the War Appropriation Act gave authority for a certain expenditure and upon requisition of the department concerned, the commission had the power to proceed forthwith to enter into a contract. The commission was instructed that as far as practicable tenders should be obtained and contracts given at the lowest price offered.

Another order in council was passed on February 6, 1918. This extended the functions of the war purchasing commission to cover supervision of all purchases made by all the departments of government and not merely purchases under war appropriation acts. The board did not actually do the buying itself for all the departments, but exercised a supervisory authority over the letting of contracts and the making of purchases.

In September, 1918, the war purchasing commission recommended to the Prime Minister the establishment of a permanent purchasing commission centralizing in one office all buying for the public service. The bill was introduced into the house but was later withdrawn. The war purchasing commission ceased to function on July 1, 1920.

One word with reference to the Business Profits War Tax Act. It was introduced in 1916, and it established the following principle: that profits were to be calculated on the basis of the paid up capital stock. The measure levied a tax of twenty-five per cent on the profits of corporations in excess of seven per cent and on the profits of individuals in excess of ten per cent. In 1917 an amendment stiffened the tax rates and at the same time introduced the principle of graduation. It provided for a tax of fifty per cent on profits between fifteen and twenty per cent and a tax of seventy-five per cent on profits in excess of twenty per cent. In 1920 the tax was moderated considerably. The following is a schedule of the rates introduced at that time:

Below Per cent	Rate of tax Per cent
10	None
10 to 15	20
15 to 20	30
20 to 30	50
30 and over	60

The Business Profits War Tax Act as then formulated expired on December 31, 1920.

I think for the information of hon. members I might cite two extracts from these two guiding orders in council, in order that we may have an appreciation of the idea which underlay at that time the formation of these purchasing commissions. I refer to P.C. 1033 of 1915. The order in council was recommended by the Prime Minister of the day, and paragraph 13 reads as follows:

> The commission may make report to the Prime Minister from time to time in reference to any matter within the scope of its duties as herein outlined, with any recommendations the commission may see fit to make; and the governor in council and the Prime Minister may require from the commission a report in regard to any of such matters.

The Purchasing Commission of Canada was created by P.C. 1561 on July 12, 1920. This order in council was also recommended by the Prime Minister, and paragraph 10 reads as follows:

> The commission may make report to the Minister of Finance from time to time in reference to any matter within the scope of its duties as herein outlined with any recommendations the commission may see fit to make, and the governor in council and the Minister of Finance may require from the commission a report in regard to any such matters.

May I say in passing that this followed the soundly established practice of Great Britain, where financial contracts are always subject to the review of the treasury.

Mr. STIRLING: May I ask the minister a question?

Mr. MACKENZIE (Vancouver): Yes.

Mr. STIRLING: Was the commission that he has been describing answerable in the first place to any definite minister?

Mr. MACKENZIE (Vancouver): Yes; one was answerable to the Prime Minister, and the other to the Minister of Finance. They

reported in the one case to the Prime Minister and in the other case to the Minister of Finance.

Mr. MANION: To complete the record: has the minister the names of the personnel of the commissions to which he refers?

Mr. MACKENZIE (Vancouver): Not at the moment. I will get that for my hon. friend.

I come now to the purpose of the resolution, and that is the establishment of a defence purchasing board. As hon. gentlemen will observe, there are in the resolution three fundamental features and three cardinal principles. The first is the setting up of a defence purchasing board. The second is the establishing of a basis of profit limitation upon defence contracts. The third is arranging for the financing of certain expenditures over a period of ten years with the carrying charges against ordinary accounts.

In presenting this resolution to the house, I conceive it to be my duty to review, as I have already in part reviewed, the history of the efforts which have been made and the principles established in reference to defence department purchases, and to review as far as I can in all fairness the various viewpoints and see how far we can go to establish the approach to identity of aim and unity of purpose.

In 1937 my hon. friend the leader of the Cooperative Commonwealth Federation (Mr. Woodsworth) moved a resolution in this house. One part of the three point resolution read as follows:

> That at no time should Canadian citizens be permitted to make profits out of supplying war munitions or materials.

That resolution was defeated by this House of Commons on February 4, 1937. I should like again to place on the record some of the observations made by my right hon. leader the Prime Minister in the course of that debate:

> I share the hon. member's abhorrence of anything in the nature of profiteering. I cannot imagine a more contemptible means of seeking to make one's fortune than by doing so at the expense of the lives of others. . . .
>
> If there are to be no profits, I cannot think of any way in which industry can be carried on other than by its complete nationalization. . . . The choice lies between state monopoly and private industry, or partly the one and partly the other. . . .
>
> Guns and shot and powder are not the only materials required for war. They are not the only materials that present a temptation in the matter of profits when war occurs. . . .
>
> Are all these things to be procured only under a government owned and controlled system which will not permit of profits being made? All that could result from a policy of that sort, if it were possible, would be the creation of a non-profit socialist island inside a competitive economy. But I doubt very much if we could get that far in Canada in a great many years, and, even if we did, whether it would be a good thing for the country. . . . I am afraid that for a long time to come we would not recover what in the interval we had lost in the way of individual intitative and freedom. . . .
>
> Government manufacture may be desirable in regard to certain kinds of essential supplies which we require continuously.
>
> I think private industry, where it is engaged in the manufacture of munitions and war materials, has to be watched closely to see that excessive profits are not made. . . .
>
> We should seek most carefully to control private industry, but I cannot see how, in a system of competitive industry, you can totally eliminate the possibility of some profit being made. As hon. members of the house know, there is a great variety of special articles required as war supplies and equipment. It would be going much too far not to expect these to be obtained at least in part from private concerns which would expect to make some profit. Where, however, private industry is permitted to undertake the manufacture of munitions and war supplies, I believe there should be very strict government supervision. All contracts should contain provisions which will ensure that there will be no opportunity for other than a reasonable profit. I may tell my hon. friend that this whole matter has been given very careful consideration by the government. So far as any contracts with which we may have anything to do are concerned, every effort will be made to prevent anything in the nature of undue profits being secured by those who obtain the contracts.

May I say that those who affect the socialist philosophy of government know very well—and I do not say this critically—that profits are made out of raw materials as well as out of the completely manufactured weapon. They know that the requirements of armed forces are not confined to weapons and munitions. Those requirements include every commodity produced by the industry of the country.

Perhaps I might analyse the point of view of hon. members of the National Conservative party, and if my hon. friend the leader of the opposition (Mr. Manion) does not mind I should like to refer to an address which he delivered in Toronto on December 15, in which he made some observations that were reported by the Canadian press. If they are not correct I am sure the hon. gentleman will immediately correct them. If the report is correct, however, he appeared in that address to advocate in the first place, in the manufacture of arms and munitions for Canada, government control and elimination of profits, and in the second place, in the manufacture of arms and munitions in Canada for the United Kingdom, the control of profits, presumably by the Canadian government. This address, I must admit at once, was reported by indirect narration and it is re-

grettable that the exact language was not quoted in full. However, I have not seen any correction of this press report and therefore I must take it that, if the hon. gentleman does not correct it, it is accurate.

Mr. MANION: I accept the report largely, except that I did add that I had an open mind—I do not remember my precise words—in regard to the working out of this scheme; and I pointed out as well that, owing to the fact that a large capital investment would have to be made in connection with the manufacturing of munitions, the matter would probably require further consideration. I added something to that effect.

Mr. MACKENZIE (Vancouver): I was not finding fault with what the hon. member had said; I was merely wondering whether the report was accurate. May I quote from the report? The introductory paragraph of the press report reads as follows:

All arms and munitions needed for the direct defence of Canada should either be manufactured by the government itself, or under the complete control of the government, with profits eliminated, the Honourable R. J. Manion..... said to-night.

That was in indirect narration. The later paragraph, apparently covering the same subject matter, was as follows:

Doctor Manion said he offered government control and elimination of profits as an alternative to complete nationalization of armament manufacture because—

And then they quote the hon. gentleman:

"I don't like to see the governments getting too much into business and because of the large capital expenditures complete government manufacture might involve."

The meaning to be attached to the phrase "elimination of profits" is somewhat obscured, in my judgment at least, by another sentence in which the hon. gentleman is reported in direct narration as follows:

"These proposals are fair because they leave plenty of opportunity for private enterprise."

And then he is quoted again as follows:

"There should be complete control of profits in the manufacture of arms and munitions of all kinds for the United Kingdom."

Again, not speaking critically, I suggest that my hon. friend appears to advocate the elimination of profits with respect to Canadian munitions orders, and the control of profits by the Canadian government with regard to United Kingdom orders placed in Canada. May I say at once that unless the government of Canada, as a matter of policy, refused to permit any contracts between the British government and Canadian industry, I doubt very much how far their power of regu-

[Mr. Ian Mackenzie.]

lation would go, except in so far as we have powers under section 290 of the Customs Act with reference to the export of arms.

The Canadian government, in my opinion, has no status unless it assumes its complete rights to supervise or regulate the terms of contracts between the British government and industries in Canada, and of course it is necessary to get permission under the Department of National Revenue. I am subject to correction, but it appears to me, from the reference in the Toronto speech by the leader of the opposition to war-time conditions, that his argument was not fully developed in the press reports. He may have contemplated, as the government has very definitely contemplated, that different conditions should prevail with regard to the control of industry in peace time and in war time.

In the first place, he has said that nationalization might be too costly; and secondly, he is for the elimination of profits. I should rather think that what he had in mind was the elimination of excessive or unfair profits and not the elimination of profits, as reported in that address.

May I now proceed to consider for a moment remarks made by my right hon. leader (Mr. Mackenzie King) as reported in *Hansard* of April 2, 1937, at page 2501:

For some months past an interdepartmental committee has been going very carefully into the whole question of the control of profits, with respect to munitions of war. . . . The line upon which we have been proceeding is to attempt to draw a distinction between war materials produced in times of peace, and what may be necessary in times of war. Unquestionably, special legislation would be required in times of war.

In the third place, although he has now left us, I should like to quote the opinions of the very distinguished leader of the opposition of last year, the then right hon. member for Calgary West. Speaking in the same debate, in reference to the remarks of the hon. member for Winnipeg North Centre (Mr. Woodsworth), Mr. Bennett said:

The hon. member for Winnipeg North Centre dealt with the question of profits made out of war. I have made many inquiries on this subject, as no doubt he has. The business profits war tax in Great Britain, for instance, was a considered method of dealing with the problem of war profits.....

After very careful consideration of the whole matter by committees and by business men, Mr. Lloyd George expressed himself as being strongly of the opinion that the best method was to let the manufacturers make all the money they could, and then take it away from them by taxation. ....

The contention of the hon. member for Winnipeg North Centre is that all money made from war should belong to the state. That was the general principle which was in the mind of

the British government, and the principle which Sir Thomas White adopted here after it had been in operation in Great Britain.....

The question of maintaining the industrial life of a country during war as distinguished from its purely war activities is one which, as the Prime Minister said, is not as simple as it looks; on the contrary, it is extremely complex, for certain types of industry through the expenditure of small sums of money can be made available for producing war materials, yet that work dislocates and in some instances destroys the normal business of the enterprise. It was that fact, I believe, which was the determining factor that caused the government to proceed in the way that it did, rather than by nationalization of the whole effort in the manner advocated by the hon. member for Winnipeg North Centre, who would be glad to see it accomplished because it means socialization of industry. It is a problem which is easier to talk about than to solve...

The reason which led to the enactment in Great Britain of a business profits war tax was that it first encouraged industry to develop to the *n*th power and then took away from it practically the entire amount of profits referable to the war.

We did not carry it to the same extent, but we did apply the principle.

I should like next to refer to the voluminous report of the British royal commission on the private manufacture of and trading in armaments. In part 7, chapter 12, the conclusions and recommendations of that commission are summarized as follows:

1. The most effective available means of removing or minimizing the objections to the private manufacture of and trade in arms would be the limitation of arms by international agreement.

2. The establishment of a universal system of state monopoly of the manufacture of arms is likely to be impracticable and in present conditions the promotion of general state monopoly should not be a part of the policy of this country.

3. The abolition of the private industry in the United Kingdom and the substitution for it of a system of state monopoly may be practicable; but it is undesirable. No sufficient case has in our opinion been made out for taking so drastic a step. We believe that the reasons for maintaining the private industry outweigh those for its abolition. We are of opinion that the necessities of imperial defence cannot be effectively met, in existing conditions, except by the maintenance in peace time of a system of collaboration between the government and the private industry of the country in the supply arms and munitions.

4. We are of opinion that this country should continue to promote and encourage the adoption of measures for the international regulation and control of the manufacture of and trade in arms. We believe that the proposals to this end recently submitted to the League of Nations by the government of the United States afford a basis on which agreement might be reached.

5. We recommend that the government should assume complete responsibility for the arms industry in the United Kingdom and should organize and regulate the necessary collaboration between the government and private industry; that this responsibility should be exercised through a controlling body, presided over by a minister responsible to parliament, having executive powers in peace time and in war time over all matters relating to the supply and manufacture of arms and munitions, costing and the authorization of orders from abroad.

6. We recommend that measures be taken to restrict the profits of armament firms in peace time to a reasonable scale of remuneration, designed not only to prevent excessive profits, but to satisfy the public that they do so.

7. We are of opinion that the problems involved in formulating plans for the conscription of industry in war time will have to be faced, and should be faced without delay.

8. We are of opinion that the administration of the system of licensing exports of arms should be governed by an outlook different from and more positive in character than that which now prevails; that licences should be granted only to such firms as shall have been specifically authorized to accept orders for export by the controlling body already recommended; that the grant of licences should be restricted to orders by foreign governments, supported by import licences issued by those governments which shall state that the goods will not be re-exported.

We recommend that the practice of issuing open general licences for the export of certain classes of arms, etcetera, be discontinued, that specific licences be required in all cases, and in particular that rigid control be exercised over all exports of aircraft, whether classified as military or civil.

9. We recommend the complete cessation of the private export trade in surplus and second-hand arms and munitions of war.

Then chapter 9 of part 5 is headed: "Taking the profit out of war":

135. The complete removal of the profit motive from private industry is in our opinion neither necessary nor desirable . . . but it is our opinion that measures ought to be taken to restrict the profits of armament firms in peace time to a scale of reasonable remuneration . . . and we believe that if the firms' profits were so limited little would remain of the objections to the continuance of the private industry that are felt by a large section of the public.

Mr. MacNICOL: Is the minister now referring to private industry manufacturing war munitions, or to all industry?

Mr. MACKENZIE (Vancouver): I am quoting from the official report of the royal commission in Great Britain.

Mr. MacNICOL: But it refers to what, to private industry manufacturing war munitions, or to all industry?

Mr. MACKENZIE (Vancouver): To munitions entirely.

136. We do not propose to undertake the task of formulating specific methods for the restriction of profits in peace time. No doubt it is fraught with technical difficulty.

137. We do not think it would be sufficient for the purpose we have indicated to insure that the defence departments are themselves satisfied that the profits allowed to private manufacturers under particular contracts are

fair and reasonable. Nor do we believe that a measure of taxation, such as the excess profits tax which was enforced during and after the last war will prove satisfactory to meet the essential object in view . . . It should, in our opinion be an essential characteristic of whatever system of control be adopted that, while providing reasonable remuneration on a scale sufficient to insure the cooperation of private industry in the service of imperial defence, it shall be such as shall prevent excessive profit and at the same time satisfy the public that it does so.

138. But the control of profits in peace time is not enough.

139. We believe that if it were known that in the event of this country being involved in a major war, industry generally would be conscripted, and that everyone in the country would be required at once to put himself at the service of the state, a considerable part of the objection to the private manufacture of arms would disappear. If the state could choose the staff they wished to keep in industry and those they required to join the forces, and if, in addition, everyone from the head of a business down were given similar positions and pay, according to the work they were doing, to those serving in the forces, it would make it still more unlikely for those engaged in supplying the requirements of the state in peace time to agitate for war.

Just one or two comments on these various paragraphs. With reference to paragraph 136, it is to be noted that even the British royal commission, after extensive study, did not undertake to recommend specific methods for the restriction of profits in peace time, neither did the United States senate committee. Both commissions went on record, as would the ordinary man on the street, to the effect that profits on the production of peace time requirements of departments of defence should be restricted. The British royal commission considered that the practice was fraught with technical difficulty. With regard to the specific problem that has confronted the Department of National Defence, neither of these two formidable inquiries produced concrete suggestions that were of assistance to the minister or the government or departmental officers. What has been accomplished has been done as a result of the foresight of the government itself and the earnest devotion of the public officials who had to deal with the problem.

With reference to paragraph 137, it is suggested that it is not enough for the defence departments themselves to be satisfied that profits allowed are fair. This was recognized in Canada when steps were taken to set up an interdepartmental finance committee to consult with and advise the department on this very problem. Since early in 1937, all contracts placed other than those where competitive bids were available, have been taken up with the interdepartmental committee; all possible advice and suggestions from that committee have been obtained for the guidance of the department, and valuable suggestions emanating from the committee have found their way into the text of the contracts let.

With reference to paragraph 137, the last sentence refers to the necessity of assuring the public that excessive profits are prevented; and this was the desire and policy of this government. At the last session more than one offer was made to refer all these contracts for complete analysis by the standing committee on public accounts, and when public controversy developed in regard to one contract, only two or three days elapsed before a royal commission was established to ensure that all the facts were made available to the public of Canada.

In regard to paragraph 139, the royal commission here calls for a declaration that more drastic regulation will be enforced in time of actual war, holding that if this were done a considerable part of the objection to the private manufacture of arms would disappear. The Prime Minister emphasized the same point, speaking in this house on April 2, 1937, as reported at page 2501 of *Hansard*. He said:

> The line upon which we have been proceeding is to attempt to draw a distinction between war materials produced in times of peace and what may be necessary in times of war. Unquestionably special legislation would be required in time of war.

Then, in regard to the general argument with reference to private manufacture of armaments—and I am not stating my own opinions here—may I point out that appendix No. 1 of the British royal commission's report summarizes the arguments of those who are in favour of retaining private manufacture. They say:

> It has been claimed,—
>
> (1) That to prohibit private manufacture would deprive the country of an essential part of its war potential which could not be entirely made good in other directions even were the country prepared to face the considerable additional expense that would be involved;
>
> (2) That under the existing system reserve equipment is maintained by the private firms and a reserve of skilled labour is available that can be utilized immediately to augment existing supplies of war material on an outbreak of war;
>
> (3) That the export trade maintained by the private firms in peace time provides a reserve for war purposes and meanwhile reduces the overhead cost of reserve maintenance;
>
> (4) That nationalization of armament production would involve the government in responsibility for the maintenance of this reserve, a reserve moreover which, under national ownership, would be largely maintained in idleness having regard to the objections that would be raised against the entry of the government into an export trade in armaments or the manufacture of alternative non-armament products in competition with private industry;

(5) That maintenance of reserve manufacturing capacity by the government would be costly even making allowance for the fact that under the existing system the government already pay for it, to some extent in the prices paid to the armament firms and by reason of certain direct subsidies paid to ensure the maintenance of plant which could not otherwise be maintained by the private firms;

(6) That maintenance of reserve capacity by the government would still not ensure the availability of the essential reserve of skilled labour which the private firms are able to retain by the utilization of their employees on export orders and non-armament work;

(7) That in many branches of armament work, e.g., in the chemical and aircraft industries, experience gained on civilian work of a similar category is beneficial; and

(8) That to deprive the aircraft firms of experience in the manufacture of military aircraft would prejudicially affect the development of civil aircraft.

Mr. DOUGLAS (Weyburn): Before the minister goes on, may I ask what statement he has read? Is it the statement of the British war office?

Mr. MACKENZIE (Vancouver): It is appendix I of the British royal commission's report.

Mr. DOUGLAS (Weyburn): And is the minister reading it because he supports it, or agrees with it?

Mr. MACKENZIE (Vancouver): No—and I distinctly said so. I am trying to give the two sides of the case as fairly as I possibly can.

I now come to the report of the United States senate committee. As I mentioned in a former debate in the house, the majority report was for the extension of the principle of nationalization. It recommended the nationalization of manufacture of certain large items. But there was a very strong minority report as well. I wish briefly to place it on record, as well as the general findings of the majority of the United States senate committee.

The committee minority (Senators George, Vanderberg and Barbour), supporting all other findings of the committee, questions the complete nationalization of certain defence commodities, because it doubts the advantage from the standpoint of

(1) its effect upon disarmament,

(2) its effect upon essential national defence, and

(3) its effect upon government costs. The committee minority believes that if large government plants are erected to provide these commodities, there will be inevitable local, political pressure to maintain these plants at full capacity production regardless of actual defence needs, and the result will be to encourage armament rather than disarmament. The committee minority believes that if all production be thus concentrated in government plants, furthermore, there will be no adequate corrolary reliance, through private manufacture, in the event of a war emergency unless the nationalized facilities are maintained at a needlessly extravagant and dangerous rate during peace time.

The committee minority believes, on the other hand, that unless these facilities are kept on a full-time production basis during peace years, the unit cost of production will increase to a point which will create higher costs to the government than would be available through normal, private purchase. This could be another impulse to armament rather than disarmament through anxiety to maintain maximum arms production in order to maintain minimum costs. In other words, the committee minority believes that the public welfare, from the standpoint of peace, defence, and economy, can be better served by rigid and conclusive munitions control than by nationalization except in a few isolated instances.

That was the minority report of the United States senate committee.

I come now to the committee set up in Canada by the present government. It was known as the Skelton committee, and was under the direction of one of the ablest and most brilliant civil servants in any country of the world to-day. That committee had before it, in the first place, the report of the royal commission in Great Britain, secondly the report of the United States senate committee, to which I have just referred, and, thirdly, information with respect to the difficulties already experienced at that time by the Department of National Defence, and special measures already taken by that department in connection with the problem.

May I at this point refer briefly to the findings of the Skelton committee. In the first place, with reference to the placing of the manufacture of armaments in the hands of the state, it said:

1. The committee are unable to support such a proposal as being practicable under present conditions in Canada. Whether, putting aside the idea of a complete state monopoly, there might be a case for some moderate extension of present government arsenals, in order to produce, e.g., a certain limited selection of articles for which the government would be the only purchaser and might need a continuous supply, and for which no private manufacturing equipment now exists in Canada—is a matter which the government might wish to consider as a matter of policy.

Mr. STIRLING: What committee is this?

Mr. MACKENZIE (Vancouver): The committee set up by the Prime Minister in January of 1937, and presided over by Doctor Skelton.

Mr. STEVENS: Was it known as the interdepartmental committee?

Mr. MACKENZIE (Vancouver): No. This was the committee which recommended the formation of the committee we now know as the interdepartmental committee. It was

a committee set up primarily to discuss the theories and general principles of profits control.

Mr. GREEN: Could that report be tabled?

Mr. MACKENZIE (Vancouver): Certainly; I see no objection to its being tabled. It was part of the evidence taken before the Davis inquiry. I see no reason why it should not be placed on the table of the house—in fact, I am informed it has already been tabled. It continues:

2. It is considered impossible to generalize a rule or rules of conduct in statutory form.

That is in reference to legislation.

The range of articles needed for the forces is so wide, that to attempt such legislation, would amount to an attempt to regulate the profits of a great part of the ordinary industry of the country. The problem appears to be essentially an administrative one.

The control of profits and prevention of excess can, it is believed, be most effectively sought by means of appropriate administrative practice on the part of the departments responsible for the placing of government contracts and orders involved in the defence program.

Where a really competitive market exists, the practice long pursued of calling for competitive tenders, appears to afford an effective safeguard against undue profits. For special articles, or work where the government will be the only or the main purchaser, other methods are required. In the one or two contracts of this type which have recently been placed, the Department of National Defence have taken special steps to guard against unreasonable profits arising.

This is early in 1937.

(3) Re special contracts: While the committee do not believe that any single hard and fast rule can be laid down, it is reasonable to assume that by careful study certain useful financial principles and safeguards might be evolved for each type of contract which may arise. It is suggested that there be instituted a standing interdepartmental financial committee to assist the officials charged with the placing of contracts under the defence program, the committee to be representative of the contracting departments and the Departments of Finance and National Revenue, and others, if considered desirable.

Such a committee might study and classify the requirements of the defence program from the financial point of view, and formulate and advise upon the financial principles or safeguards to be observed in placing contracts of various types, and as to rules of procedure. It might also be available for consultation upon the financial aspects of any unusual specific cases or conditions arising from time to time. It would be limited to this function of assisting in the prevention of undue profits.

Re Special considerations. The commissioner of income tax attached a separate report dealing with certain technical provisions, recommending that as a result of certain defects in the Business Profits War Tax Act of the last war, certain precautionary measures, with regard to capitalization and set-up of companies receiving armament contracts, be taken.

[Mr. Ian Mackenzie.]

The committee recommended that there be referred to the interdepartmental committee,

(a) Mr. Elliott's special recommendations.

(b) The advisability of inserting in all contracts not awarded through competitive tendering, a stipulation granting to government inspectors or auditors, complete access to the contractors' books and records.

(c) The extent to which costing principles established in government arsenals or factories might be effective, in facilitating the control of the costs and profits of private manufacturers.

Re Publicity. The committee believe it important not only to ensure that contractors will be limited to reasonable profits, but also to satisfy the public that safeguards in this sense are being provided. It is, therefore, suggested that on some appropriate occasion, the House of Commons be informed in this regard.

Just a comment or two on these findings. As suggested in No. 1, the government is making the maximum use of its own arsenal plants. I say that deliberately. The advice given me by the officials of the Department of National Defence and by the highest ranking officers, those who are in favour of the principle of public ownership, in regard to the development of the Lindsay arsenal is that until we proceed with the filling group and the ammunition group at Valcartier, until we have made Quebec available, we should not proceed with the development of the Lindsay arsenal as planned for the manufacture of small arms ammunition. It must be kept in reserve. However, since this government came into office the production of our necessities at the arsenals at Quebec and Valcartier has been increased by four, six or seven times. We have made a modest beginning at the arsenal at Lindsay and it is my fervent desire that as soon as possible we should proceed with the further development of the facilities at Lindsay.

Mr. McNEVIN: Did the minister subscribe fully to the suggestion of the committee that the further development of the Lindsay arsenal be not proceeded with until the filling group at Valcartier had been gone ahead with?

Mr. MACKENZIE (Vancouver): I do not pretend to be an expert on military affairs. That information was given to me by the highest ranking officers, and naturally I accepted their opinion at the time. I say this to my hon. friend, that the production of small arms and ammunition has been increased so much in the other arsenals at our disposal that in my judgment the old objections with regard to Lindsay have disappeared completely.

The second conclusion of the Skelton committee, that the problem must be solved by administrative means, appears to coincide with

the conclusion of the British royal commission, which admitted that the problem was fraught with difficulty. The problem is a new one, at least so far as Canada is concerned, and we can hope for progress only by experience. The department welcomes every constructive suggestion, but those emanating from outside the department have so far not been very constructive.

With regard to the third suggestion, the interdepartmental committee was set up and has cooperated with the department for the past two years. In that time this committee has passed upon contracts totalling in the neighbourhood of $10,000,000. In regard to the fourth suggestion, Mr. Fraser Elliott's recommendation that the capitalization of companies be closely watched, this is reflected in the provisions of one contract which restrain the company from selling shares without the consent of the minister. This is the first time in the history of Canada that any such provision has been incorporated in a government contract. With regard to No. 5, which dealt with publicity, both the Prime Minister and the Minister of National Defence explained the situation very fully to the house in 1937.

Mr. MANION: Could the minister tell us offhand the name of the company to which he refers that was limited with regard to the sale of stock?

Mr. MACKENZIE (Vancouver): I was referring to the John Inglis Company.

I do not think I shall take the time of the house to deal fully with the machinery which has been adopted to give every possible safeguard by the Department of National Defence. I shall refer only to one contract which was let before the interdepartmental committee was established. I shall outline the precautions which were taken by the department before the committee was set up and which I think were commented upon by the Skelton committee in the extracts which I have submitted to this house.

The special provisions introduced in this contract were numerous. It was stipulated that in the event of emergency the crown could diminish or increase the number of aircraft covered by the contract. It was stipulated that the crown could take over the plant and require that, in substitution for aircraft, other articles capable of being manufactured by the contractor be supplied. Under a supplementary agreement it was provided that if orders at a lower price were accepted from others for similar aircraft, the price to the crown would be reduced proportionately. It was provided that to the extent that the cost of any special machinery, tools, dies, et cetera, was included in the purchase price of aircraft covered by the first contract, the purchase price of similar aircraft in any succeeding contract would be reduced accordingly. It was provided that in the event of the company entering into any other contract, the crown should have the right to have its aircraft manufactured in priority.

These were safeguards of an entirely new type devised by the department itself to protect the public interest. To my mind, which may be prejudiced, they indicate that the department, in pioneering a new field and in seeeking to develop for the security of this country an entirely new industry, was using its utmost ingenuity to keep strict control over the industry. It should be stated that in negotiating the price of the aircraft, both the government and the company had the advantage of knowing the costs in the old country where the parent airplanes were being manufactured, and it was possible to arrive at an approximate estimate of the extent to which these costs would be varied by Canadian conditions.

Then, as to national ownership, I wish to say a word or two as to some of the difficulties which might confront the Department of National Defence should we accept the principle of national ownership. In the old days it was the practice of the Department of National Defence to procure most of its technical equipment by purchase from the war office, the admiralty or the air ministry. During the war of 1914-18, Canada, as we all know, produced large quantities of munitions, but it is sometimes not realized that although the quantity was large the varieties were within a very narrow range. Canada employed her industrial resources in the production of shells, and to some extent, explosives. Weapons were not manufactured in Canada, and, with the exception of the Ross rifle, never have been.

When the present government took office the dominion arsenal at Quebec was equipped for the manufacture of small arms ammunition and of some of the components of certain limited types of light artillery ammunition. The Lindsay arsenal had been closed down since the war. The department had on order from the old country a number of articles of technical equipment, but the present government was advised that the delivery date would be several years in the future. The practice of the department being to order its requirements from the old country, we speedily learned that this was not going to be possible or practicable with regard to any speedy

measures of improving the defences of Canada. Great Britain, as we all know, had embarked on a heavy rearmament program and was utilizing the full resources of her own industrial capacity.

The department was faced with the necessity of developing sources of production within Canada for articles of military equipment never before produced in this country. The question whether production should be by expansion of the government's own arsenal plants or by the utilization of private industry was very carefully and very seriously considered. As I suggested in my remarks before the royal commission, there were two schools of thought in the Department of National Defence. Certain senior officers were strongly in favour of the development of government arsenals. Others of equal senior rank pointed out that the capital cost of constructing and equipping the several plants advocated would run between $30,000,000 and $35,000,000. These officers considered that having regard to the probable funds available the cost and delay involved in proceeding by state manufacture would be prohibitive.

The matter was then considered at great length by the government. I think I am safe in saying that on principle the government favoured state manufacture. However, at that time we were faced with a most serious financial problem. There had been a long series of heavy budgetary deficits in Canada between 1930 and 1935, and there was at that time the utmost necessity of restoring public finance at least to a state of approximate equilibrium. The funds made available for the Department of National Defence in each of the years 1937 and 1938 totalled approximately $35,000,000.

The decision made then was to proceed with the expansion of the dominion arsenal with respect to the production of commodities for which a fairly constant demand over the years might be anticipated. This ensured that full use would be made of any expenditures on capital account and that continuous employment would be afforded to skilled labour assembled for the purpose.

With regard to the very large scheme of erecting plants for the manufacture of small arms, artillery guns and other costly technical equipment for which the total requirements of the country were limited, this is best illustrated by the results of the decision reached. Had we, Mr. Speaker, adopted the suggestion made by some hon. members of the house at that time when the estimates were before it, of state production along the lines suggested by those who were advocating this grand arsenal scheme in the dominion, that entire $30,000,000 during the past three years would have been required to construct and equip the necessary plants. What would we have lost? Instead of that we have acquired:

1. Four new destroyers and four minesweepers for the navy, and

2. Two hundred new aircraft.

3. We have established a system of fortifications on the Pacific coast, to be completed next year.

4. We have doubled the strength of our naval and air forces.

5. We have purchased a great deal of miscellaneous equipment for the militia.

6. We have increased the training of our militia forces in Canada.

7. We have developed new air stations and have augmented the facilities at the stations already established.

8. We have greatly increased the production of munitions, and we have augmented our supplies of all kinds of ammunition and other necessary military equipment.

Had we used our money on the construction of arsenals, we should have had none of this equipment with the funds at our disposal. I leave it as a cold business proposition to the fair and unbiased judgment of hon. members of this house.

9. During the last three years we have increased the output of the Quebec arsenal from four to six or seven times what it was in several commodities when we took office.

10. The government's own plants have been used for assembling anti-gas respirators, an operation never before undertaken in Canada.

11. We have begun the utilization of the Lindsay arsenal after twenty years of idleness, and propose that that development shall be continued and extended.

I come now to another point. I have been criticized in this house and outside with reference to not calling for competitive bids. I wish for a moment or two to compare the records of the two governments. The first instructions I gave to my officials in 1935 when I assumed the office of Minister of National Defence were that tenders were to be invited by advertisement wherever possible in regard to contracts over $5,000. Contracts, Mr. Speaker, in the Department of National Defence, may be handled in five ways:

1. By public advertisement.

2. Through selected bidders.

3. Through the war office, admiralty and air ministry.

4. Through sole manufacturers. This is usually for the replacement of parts.

5. Through submission to the interdepartmental committee in certain circumstances where competition is considered unavailable.

Where the department has to deal with sole competitors or with a particular manufacturer, there is no choice. There was no interdepartmental committee to review contracts in the days of the previous administration, so that method can be left aside for comparative purposes. But where competition is possible it is desirable that the widest possible competition be obtained, and the present government decided, having regard to the record of the previous administration, that there should be a change of practice.

Taking only those cases, in contracts over $5,000, where competition is possible, the following is the record of the late administration during the four and a half years from April 1, 1931, to October, 1935.

Mr. MacNICOL: The minister is starting something new. What is the use of rehashing what has been done prior to 1935?

Mr. MACKENZIE (Vancouver): I thoroughly appreciate and welcome the sentiment my hon. friend has expressed; if that is the attitude he is going to take I appreciate it. But we have been criticized for not calling for competitive bids, and I thought it only fair to put the essential facts upon the record so that they would be available.

The late administration during the four and a half years from April 1, 1931, to October, 1935, let contracts as follows:

1. By public advertisement, eleven contracts, totalling $736,874.

2. By selected bidders, from selected lists, 284 contracts, totalling $5,013,502. In other words, Mr. Speaker, of the contracts available for competition where the amount involved was more than $5,000, the late government let by public advertisement:

1. By number of contracts, less than 4 per cent (3·7 per cent).

2. By dollar value, only 13 per cent.

They gave to selected bidders more than ninety-six per cent of their contracts, representing eighty-seven per cent in value of those available for public tender. Altogether, of contracts available for bidding, they let 295, to the value of $5,751,377. In five and a half years, under the previous administration, only eleven contracts, representing $736,874 out of $5,751,377, were offered to public bidding in the dominion.

Now we, sir, have let in three years in office, by competitive bidding, contracts to the value of $12,677,367. In three years and two months, down to December 31, 1938, the present government let 135 contracts by public advertisement as compared with eleven contracts in five and a half years under the previous administration.

Mr. STEVENS: Amounting to how much?

Mr. MACKENZIE (Vancouver): I am coming to that. In five and a half years, the previous government let contracts of a value of only $736,000 by public advertisement—

Mr. DOUGLAS (Weyburn): Would the minister give the amounts?

Mr. DUNNING: Just be patient and you will get it all.

Mr. MACKENZIE (Vancouver): While in five and a half years the previous government let only $736,000 by public advertisement the present government let $7,785,000 in just over three years.

Of contracts available for tender the previous government held 87 per cent, by value, for selected bidders, and threw open only 3·7 per cent for public advertisement. The present government has let 60 per cent, by value, by public advertisement, and only 40 per cent to selected bidders.

The present government let 135 contracts by public advertisement in three years, while the previous government let eleven contracts by public advertisement in five and a half years. The previous government threw open to public competition $736,000, or 13 per cent, while the present government threw open to competition $7,785,000, or 60 per cent.

But apart from the contracts referred to the interdepartmental committee, what is of special interest is this, that of the eleven contracts for which the previous administration invited public tenders through advertisement, no fewer than nine were in their first year of office, when they were fresh from the electors. After that first year, in four and a half years, the previous government only twice submitted defence contracts to public tender, for a total amount of $448,884. No public bids were invited in 1932-33; no public bids were invited in 1933-34; and only once in 1934-35, and again in 1935-36, did the previous government ask for public bids on defence contracts.

But what is the progressive record of the present government? This government let by competitive bids:

1. In the balance of 1935-36, 7 contracts.
2. In 1936-37, 31 contracts.

3. In 1937-38, 38 contracts.

4. In 1938-39 (nine months only), 59 contracts.

Perhaps, therefore, Mr. Speaker, I may be forgiven if I am fairly sensitive when this government is accused of favouring pets and favourites when calling for tenders.

Mr. MANION: I do not know anything about this record, and I cannot discuss it, but would the minister give us a little more detail in regard to the selected lists on both sides? I assume my hon. friend has had selected lists.

Mr. MACKENZIE (Vancouver): Yes. I said forty per cent.

Mr. MANION: Would he explain to the house, as a matter of information, how the selected lists were chosen, both by the late government and by the present one?

Mr. MACKENZIE (Vancouver): Yes. I think the general procedure is this. You are building in Calgary, let us say. There are before the department a number of potential contractors, say seven or nine. You invite them to tender. The contract is not advertised in the press; it is a closed list, limited to those selected by the department.

Mr. MANION: I understood that, but what I meant was this: Has the minister the lists or the numbers of people called in with respect to these selected lists?

Mr. MACKENZIE (Vancouver): I believe I can get them. I have not them at the moment. I suppose they would be available in the department in all cases, as regards both the previous administration and the present one.

Mr. MANION: I was just asking for information.

Mr. MACKENZIE (Vancouver): I shall be very glad to get that information.

I come now to a brief discussion of the measure which would be consequent upon the adoption of this resolution by the house.

The bill itself has three definite features. The first is the creation of a defence purchasing board, with four members. The second principle is the provision for financing defence purchases of a capital nature on a ten year three per cent amortization basis. The third feature deals with the element of profit control.

I think it is fair for me to say that public opinion to-day is unanimous that excess profits on arms and munitions contracts must be curbed.

[Mr. Ian Mackenzie.]

Mr. LANDERYOU: May I ask the hon. gentleman a question? Who makes the greatest profit out of war, those who finance it or those who produce the materials?

Mr. MACKENZIE (Vancouver): According to the information that is mine as a result of the experiences of the last war, the greatest profits were made, not on these engines of destruction which we call munitions, but in respect of essential food and other supplies for those who were trying at that time to fight the battles of Canada overseas.

Mr. LANDERYOU: How would that compare with the profits of those—

Some hon. MEMBERS: Order.

Mr. SPEAKER: The house is not in committee.

Mr. MACKENZIE (Vancouver): When my hon. friend interrupted me I was going on to observe that the commonest way of expressing this desire was to say we did not want anyone to profit out of war or preparation for war, but I must say that there has been a great paucity of practical suggestions as to how to attain this most desirable objective. My hon. friends of the Cooperative Commonwealth Federation have a very simple solution. They would nationalize all industry, and then there would be no profit at all in the manufacture within Canada of shells or bread or butter or any other commodity.

An hon. MEMBER: Nonsense.

Mr. DOUGLAS (Weyburn): That is a subject on which the minister is not an authority.

Mr. MACKENZIE (Vancouver): But I believe the majority of people in Canada, as in Great Britain and the United States, believe yet in a competitive society and are not prepared for the drastic step my hon. friends would recommend.

Mr. MacINNIS: They are fast moving that way.

Mr. REID: Not the farmers.

Mr. MACKENZIE (Vancouver): Short of the complete nationalization of all industry there is no way to eliminate all profits on our defence requirements, to use a phrase which was attributed by the press, improperly I believe, to my hon. friend with reference to his Toronto speech. If we manufacture shells and guns in state arsenals we shall still build the plants and buy the machinery and raw materials under the competitive system and the element of profit will still remain. Although it may be one degree removed, it will be just as real and just as objectionable.

There are other objections to the state arsenal plan for all direct requirements. It would involve, as has already been explained very thoroughly, large capital outlays on plant and equipment which would be required for only a short time, and unless your continuous supply is guaranteed, then would lie idle, throwing men out of work. Any such program has been rejected as uneconomic by some of the ablest observers. I have already reviewed the steps taken by Right Hon. David Lloyd George in the last war, when he said to a delegation of labour, "Let the manufacturers make their profits, I will take it away from them by taxation. Leave that to me." May I draw your attention to the fact that that measure was adopted under actual war conditions?

A great deal of thought has been given since then to the question of profits control in every democratic country in the world, and certainly much thought has been given to it by the present government. Perhaps I may be pardoned if I refer now to what I said in this house in 1937, I think in response to a question asked me by the hon. member for Winnipeg North (Mr. Heaps):

> Now I wish to deal with the question of profits.... This question divides itself into three categories.
>
> The first is the supply of defence equipment in peace time;
>
> The second is the export of munitions or supplies beyond the country, and,
>
> The third is the supply of munitions and equipment in war time.
>
> With reference to the first of these categories having to do with the supply of defence equipment in peace time, government policies were formulated some time ago....
>
> They are designed to safeguard the public interest as far as possible by competition, where competition is possible. Where this cannot be done; where competition is not possible, they are designed to establish rigid principles of reasonable remuneration to make unfair profits impossible and to provide for a thorough system of inspection and audit.

So, sir, we have been through the British royal commission report. We have had the majority and minority reports of the senate committee of the United States. We have had our own Skelton committee report. We have worked in cooperation with the interdepartmental committee of eminent civil servants, and we have even had debates in this house. In Great Britain this is what the royal commission said:

> It is our opinion that measures ought to be taken to restrict the profits of armament firms in peace time to a scale of reasonable remuneration. . . .
>
> We do not propose to undertake the task of formulating specific methods for the restriction of profits in peace time. No doubt that is fraught with technical difficulty.

There is no concrete suggestion there. They go on to say:

> Nor do we believe that a measure of taxation such as the excess profits tax which was enforced during the last war will prove satisfactory to meet the essential object in view.

That does something to increase the "technical difficulty" referred to, but nothing to help us solve it.

Mr. MANION: From whom was the minister quoting?

Mr. MACKENZIE (Vancouver): I was quoting again from the British royal commission.

The United States senate committee dealt mainly with the export of arms. With respect to national requirements it merely recommended expansion of the principle of state ownership. Requirements in a great country like the United States or Great Britain are such that a state arsenal is a much more economic operation than it would be in a country like Canada, whose requirements of some very costly and technical items are strictly limited. May I say I hope they will remain so.

In the United States they had a drastic reorganization recently in the army to improve purchasing methods. Very wide reforms were made, but I noticed, in an article on this subject in *Liberty* the other day, this significant sentence:

> No way around the old cost plus plan has been found.

The Skelton committee reported that profit control was essentially an administrative problem and advised that they were unable to recommend legislation which would cover all contingencies. They did make one important and valuable step forward—they recommended a court of review to advise the department directly concerned on the form of its contracts.

I want to say here that the interdepartmental committee, whatever criticism may have been offered concerning them, rendered magnificent and devoted service to the government and the country in the work they have done in the last two years.

Mr. HEAPS: If the legislation foreshadowed in this resolution is passed, will the interdepartmental committee go out of business?

Mr. MACKENZIE (Vancouver): I think it might be reasonably assumed that that would be the case. But I should be very glad if my hon. friend would wait until the bill comes down. He will then have an answer to his question.

Mr. HEAPS: I think it is important that the minister inform the house whether this proposed new body will supersede the interdepartmental committee.

Mr. MACKENZIE (Vancouver): If my hon. friend waits a little longer, I believe he will find before I conclude my address that his inquiry will have been answered.

In the proposals now offered to the house under this resolution, and to be elaborated in detail in the bill consequent upon it, I believe that we have gone further than any other government, in the United States, in Great Britain or any other democratic nation which believes in upholding the institution of competitive industry. The bill that is to be submitted to this house consequent upon the adoption of the resolution I am now discussing provides that maximum profits upon defence contracts shall not exceed five per cent per annum on working capital actually utilized in the performance of the contract, and this is to be achieved by the simple, clear and definite process of taxing away the excess. May I therefore explain the procedure that is contemplated in its logical sequence. The purchasing board will consist of a permanent, salaried chairman who will give his full time to this work, and the other three members will be paid a per diem allowance for attending meetings, and their actual travelling and living expenses. The board will make all purchases and let all contracts for the Department of National Defence where the amount involved exceeds $5,000. The procedure will be for the Department of National Defence to requisition the purchasing board for each requirement. Full information must be imparted as to the reason for the requisition, stocks in hand, and also in regard to other matters. The board may vary the requisition but not without the consent of the Minister of National Defence. The board will then have a completely free hand in negotiating the contracts and in the supervision of their execution. Each contract must be recommended to council and approved by council before being let. This, in my judgment, gives even a closer degree of government control than under the war purchasing commission during the last war. The war purchasing commission had power to enter into contracts without any reference whatsoever to council. This act requires that every contract shall be approved by council and therefore the principle of ministerial responsibility is regarded. The government is thus given a threefold check upon these contracts: through the Minister of National Defence, who makes the recommendation; the Minister of Finance, who, subject to the consent of council, gives authorization; the Minister of National Revenue, who, when profits are made in excess of five per cent, is responsible for the taxation of excess profits.

The bill lays down as a cardinal principle that where competitive bidding is practicable there shall be competitive bidding by advertisement in the public press. The bill also lays down that as far as possible the purchases shall be made in the Dominion of Canada. If it is considered necessary to purchase outside of Canada the board must report to the government, giving its reason therefor. If, after competitive bidding, the board deems it not in the public interest to award the contract to the lowest bidder, the act requires that it shall report to council giving its reason therefor. Then there comes the type of contract where competitive bidding is not possible. These conditions arise with respect to arms and munitions contracts more often than in ordinary business, for two main reasons: first, there are sometimes secret specifications which it is not in the public interest to distribute among miscellaneous contractors for bidding purposes; and, second, there are especially in a small country like Canada, which has had no past experience in arms manufacture, sometimes undertakings of an involved and technical character with which industry in this country has had no past experience and on which there is no sound basis for estimating costs in advance. In such cases firms tendering have a tendency to allow very wide margins for unforeseen hazards.

Where competitive bids are not possible we have worked out, in my judgment, the most drastic system of profit control ever enacted, so far as we could ascertain. The key clause provides that the maximum profit shall be limited to an amount equal to five per cent per annum on the average amount of capital employed in the performance of the contract.

Mr. MacNICOL: Will the minister be good enough to read that again?

Mr. MACKENZIE (Vancouver): Yes, with pleasure. The key clause provides that the maximum profit shall be limited to an amount equal to five per cent per annum of the average amount of capital employed in the performance of the contract. The bill then provides that a tax shall be levied on the contractor equivalent to the amount by which his net profit exceeds the five per cent. The actual amount of capital is defined as follows:

> The actual cost less depreciation of the physical assets including plant, machinery, equipment and working capital which are employed in the performance of the contract.

It is provided that where the assets were acquired for a consideration other than cash the board shall determine their fair cash value at the time of acquisition having regard to any sale or sales of such assets within five years of their acquisition or to any other circumstances which may indicate their fair cash value. It is also provided that in determining capital employed in the performance of a contract the board may take into account actual cash outlays incurred in the acquisition of patents, royalties, or licence to manufacture. The board is forbidden, however, to give any value to goodwill to the extent that such patents, royalties or licences are employed.

The bill declares that net profit shall be the aggregate amount received under the contract less such actual expenses, disbursements, allowances for depreciation and overhead charges as the board may find properly chargeable to the contract. It is stipulated, however, that interest on borrowed capital shall not be deducted. The board is given power to employ auditors, who shall be given access to all books and records of the contractor. The determination of the amount to be charged as a tax is to be made by the purchasing board, but there is provision in the act for appeal to the exchequer court. The collection of the tax will be made by the Minister of National Revenue under the machinery of the income tax division. The bill makes the logical provision that income which has already been taxed away under this act shall not be counted as income under the Income War Tax Act.

The scheme calls for a substantial staff. Provision is made for the transfer of officials from the Department of National Defence and any other departments. The rights of such employees under the Civil Service and Superannuation Acts are carefully preserved.

In my judgment this is the most drastic tax on arms and munitions profits ever imposed. It is stiffer than was the war measure of Lloyd George in England. It is a tax on the whole of the profits which exceed five per cent of working capital utilized, and hon. members will agree that five per cent is a relatively low return on any industrial undertaking. We are proposing to impose that tax now in our peace time expenditures in regard to our national preparedness.

Mr. MANION: Will it be imposed on the Bren gun contract? I ask for information.

Mr. MACKENZIE (Vancouver): That is a question of policy that I cannot answer at the moment.

Mr. MacNICOL: May I ask a question?

Mr. DUNNING: Wait until we get into committee.

Mr. MacNICOL: I am interested in that. Has the department consulted those who would probably tender, as to whether they would accept five per cent? Five per cent might be set up by the interdepartmental committee but not accepted by those who might like to be called upon to tender.

Mr. MACKENZIE (Vancouver): I welcome the question of my genial friend. Immediately we hear the clamour; the first time this government has taken steps for the most drastic profit control, the suggestion comes from my hon. friend—

Mr. MANION: It is not a suggestion.

Mr. MacNICOL: It is not a suggestion but a question.

Mr. MACKENZIE (Vancouver): The answer is, no.

Mr. MacNICOL: Why did you not answer? You always try to drag politics into everything.

Mr. SPEAKER: Order. The hon. member must take his seat.

Mr. MacNICOL: The minister cannot answer a question civilly.

Mr. MACKENZIE (Vancouver): I do not desire to pursue any acrimonious argument at this stage.

Mr. MacNICOL: Then don't start it. I asked a civil question.

Mr. MACKENZIE (Vancouver): And I gave a civil answer. That is exactly the kind of criticism which I anticipated would be levelled at this resolution and the measure consequent upon it, that we are not allowing industry sufficient profit.

Mr. MacNICOL: Not at all. The minister is entirely wrong.

Mr. POULIOT: Let him sit on the board.

Mr. MacNICOL: The minister flies off the bat every time I ask a question.

Mr. SPEAKER: Order.

Mr. MANION: Well, Mr. Speaker, the hon. member has some right to protest. He asked a civil question and the minister immediately says that this is an argument against the whole proposition. It is no such thing.

Mr. MACKENZIE (Vancouver): Apart from the fact that that is not a point of order at all, I did answer my hon. friend and I think I was entitled, as one who has been unfairly attacked in recent months for giving too much profit to private industry, to assume that the question was asked to show that, before we established this very low rate of five per cent—

Mr. MacNICOL: The minister has no right to draw inferences as to my reason for asking the question.

Mr. REID: It was a leading question.

Mr. MacNICOL: Let the minister be civil.

Mr. MACKENZIE (Vancouver): I intend to be civil to the hon. member for Davenport (Mr. MacNicol); I have the highest possible regard for him.

What would have been the result if we had consulted some of these firms in regard to this rate of five per cent? Does anyone think we would have received enthusiastic endorsation from some of these contractors? We are endeavouring to meet an actual situation of the present moment. We are endeavouring to submit for the consideration of the Canadian people a plan for the most drastic system of control of profits and munitions that has ever been attempted in any country. In regard to that plan I trust we shall receive the cooperation not only of the hon. member for Davenport but of every hon. member of this house.

Mr. MacNICOL: The minister has no reason to doubt my cooperation.

Mr. MACKENZIE (Vancouver): Not the slightest.

I come now to consideration of the financial provisions of this bill.

Mr. MANION: Before the minister proceeds to that would he tell us a little more about the personnel of the board? He says there would be five?

Mr. MACKENZIE (Vancouver): Four.

Mr. MANION: Would he give some idea as to their occupations, or how they would be chosen, or something of that sort?

Mr. MACKENZIE (Vancouver): The question of occupations has not yet been even discussed. The idea is to have a chairman as the permanent head, who, I trust, will be one of the most eminent Canadians, and whose selection will meet with the complete endorsation of everyone in this house; because the success or failure of this proposed board in my judgment will rest entirely upon the personnel.

Mr. MANION: I said that.

Mr. MACKENZIE (Vancouver): As far as I am concerned I assure my hon. friend now, and I am sure the Prime Minister will endorse this, that I have no desire in the world that there shall be any political complexion to that board. I shall be willing to seek the cooperation of the leader of the opposition and of any group in regard to getting the most eminent personnel in Canada so that this board shall be above any acrimonious dispute. No one wishes that more than the Minister of National Defence. As long as I am in this department I want to go ahead with the real business of defence. This question of contractor relations has always been an embarrassment impeding the minister and raising an element of suspicion in regard to munitions contracts which does not exist in connection with the contracts of any other department. And—I said this a year ago, I think—the further we remove it the better will the minister be satisfied and I believe the public as well. Therefore in that spirit of seeking cooperation in regard to the personnel, let us get a plan that will work. Although a net five per cent is not very fair to industry, I think it will work.

Mr. SPENCE: It is more than many people make.

Mr. MACKENZIE (Vancouver): I think that is right. That is a sensible answer from a very good business man.

Now, one or two conclusions. In the first place the provision for the defence of the country is the first and most fundamental duty of any government. That duty involves the organization of our defence forces, of our man power and the equipment of our forces; hence it necessarily involves procuring weapons and munitions. The government definitely agrees to the principle of the production by national manufacture in state owned arsenals to the greatest extent practicable where a continuous supply is assured and a sudden interruption of that supply is not going to dislocate conditions of employment in Canada, as already stated in this house. But the government cannot go so far as to say in regard to these extraordinary conditions that we can nationalize everything with reference to munitions or armaments or supplies over night. I believe that in the end it would not be a practicable solution.

The government, if I may speak for them, believe in the principle of equality of sacrifice; that in war time men should not be required to offer their lives and limbs while those who provide the weapons of destruction have even the possibility of reaping undue profits.

Mr. GREEN: May we take it from that that it is the intention of the government to conscript at least certain industries in war time?

Mr. MACKENZIE (Vancouver): I am not in a position to answer that question, but I say that the policy of whatever government should be in power in the event of national emergency would be determined by the actual situation prevailing at that time. We in the department have taken the precaution of making an industrial survey of practically all the manufacturing plants in Canada. But what the policy of any government would be I could not at this moment say with any authority.

The government considers that the problem of controlling arms and munitions profits in times of peace presents problems essentially different from those which would exist in time of war when mobilization of the nation's entire industry and man power might be required. The government is determined that in peace time, where private industry must be utilized, there shall be the strictest possible regulation of profits both in the interest of the taxpayer and in deference to public abhorrence of profits made from products which involve destruction of human lives and misery among nations.

I think I have given a fairly comprehensive survey of the discussions that have taken place in this and other countries in peace and in war in reference to this perplexing and absorbing question of the control of profits on munitions. I believe this to be a very drastic departure, and as I said to the Leader of the Opposition, speaking as Minister of National Defence I welcomed the removal of these contracts from the control of the department. I am much more concerned, as long as I have the privilege of serving that department, in the real task of preparing for national security and national insurance of our people. There is in this resolution or in the bill to follow no relaxation of the principle of ministerial responsibility. We are following the sound British practice of treasury control. The Minister of National Defence retains the power of recommendation; the Minister of Finance, with the consent of council, the power of authorization; and the Minister of National Revenue in certain cases the power of taxation. Again I repeat that the success of this legislation will depend upon the personnel of the board. It must be such as to command the support of all parties, and the confidence of the country. There is no more important task to-day in Canada than the great task to be entrusted to the proposed board, and, so far as the government is concerned, I want to repeat most emphatically that there is no suggestion of any political appointments. In connection with this important national question we invite the cooperation of every hon. member, belonging to whatever political philosophy you like, in the house. And let me add my own fervent hope that out of the disputations and criticisms of recent days there will emerge a system of which all in the Dominion of Canada may be proud, one which will get results for the Department of National Defence, and which will command the trust, the support and the confidence of all Canadian people.

Mr. LAWSON: Mr. Speaker, before a discussion of the resolution takes place I should like to ask the Minister of National Defence (Mr. Mackenzie) to elucidate one matter mentioned in his outline to-day. I understood him to say that the resolution contemplated three phases. One of those phases was that the bill, when brought down, would indicate that the expenditures on defence and war purchases would be on a three per cent amortization basis over a period of ten years. The estimates indicate the government proposes to spend $63,000,000 this year. Am I to take it that the government has, in addition to that expenditure for this year, a ten year plan covering war and defence expenditures, and that the proposed defence purchasing board is to work out a plan—or indeed one may be already in existence to be submitted to it for its administration?

Mr. MACKENZIE (Vancouver): Perhaps I should answer the question in committee. However I can say now that that is not so. The reason the $3,000,000 is placed in the estimates is to provide the sinking fund required to meet the capital expenditures. But there is no permanent plan of ten-year duration of any kind whatsoever. It is only a matter of taking care of current revenues, over an amortization of ten years.

Hon. GROTE STIRLING (Yale): Mr. Speaker, I have listened with the very greatest interest to the remarks of the Minister of National Defence (Mr. Mackenzie) in speaking to the resolution for which we have been

waiting since it appeared on the order paper on January 24. I agree most emphatically with the phrase with which he began and with which he ended, namely that this is a most important matter in this or any country.

He has referred to the difficulties which attended this same question at the time of the great war. My thoughts immediately went back farther than that—to the great difficulties which attended this question in other countries throughout Europe, including Great Britain, at the time of the Napoleonic war, at the time of the Crimean war, and even as far back as the Marlborough campaign. Constant troubles and difficulties arose out of this question of the purchase of munitions.

Mr. DUNNING: Our old friend Sam Pepys.

Mr. STIRLING: Yes, right through that volume, and a great many other historical volumes too. You can go through Thackeray and find the same thing. It goes back far into history. Avaricious men in those as in later times, with respect to the quality of products produced, through being friendly to the government of the day, have endeavoured to take advantage of the miseries of a country at war.

It is to be feared that human nature has not greatly altered since then. To-day we are not so much faced with difficulties in connection with the quality of goods supplied. We have moved beyond that, through inspection. But we are still faced with the difficulties which attach to partisanship, and the desire to obtain greater profits than reasonably should be obtained.

The minister has also outlined in most interesting terms the ideal he has before him in connection with this board. It is an ideal, I hasten to state, with which I entirely agree. At this stage it is not possible to follow the minister in detail in his elaboration of the scheme which has been evolved. But it appears to me there are three questions in regard to the creation and setting up of the board, and the preparation for its functioning, which perhaps exceed in importance other matters connected with it.

Of course there stands first and foremost the question of personnel. With every word the minister used with regard to personnel I, and I am sure those associated with me, entirely agree. Whatever the final result of a further inquiry may be, there can be no question that the public has been somewhat shocked at the evidence produced before Mr. Justice Davis as to what has taken place in the past two years. Unquestionably there has been evidence which tends to show that partisanship has come in. If the personnel of the board is chosen with any idea of partisanship, the public of Canada will not be satisfied with anything the board may do.

The next thing we must remember when we are examining those provisions of the measure which have to do with the functioning of the board is that we are dealing not only with guns and shells, but also with blankets, food and office requirements. For, as I understand the set-up of the board, it will largely take the place of the officer now in the department known as the director of contracts.

So far as requirements over $5,000 are concerned, the board will be supreme, but perhaps the director of contracts, or the branch under his direction, will continue to exist and function in connection with those smaller amounts. But when it comes to a matter of considering requirements of the naval, militia, air or civil departments, it will be necessary for the heads of those departments to receive the acquiescence of the minister, and, in turn, the minister will pass on their requirements to the board. Any amount over $5,000 will, in the future, be in the hands of the board.

The position the board will occupy in relation to the minister of the department, to whose care money has been voted by parliament, is a point to which I listened with particular interest, and it is a matter which I have no doubt will receive a great deal of consideration when the bill, in all its details, is before us. But if I understand it correctly, when a requisition has been accepted by the minister and turned over to the board, it then passes altogether out of the hands of the Minister of National Defence; and from the board it goes to council, of which that minister is just one member. I think that is correct.

Mr. MACKENZIE KING: It goes to the Minister of Finance and from him to the council.

Mr. STIRLING: The board sends it to the Minister of Finance?

Mr. MACKENZIE (Vancouver): The recommendation, yes.

Mr. STIRLING: The Minister of Finance presents it to the council. The Minister of Finance is merely a minister among his colleagues.

Mr. MACKENZIE (Vancouver): Absolutely.

Mr. STIRLING: It appears to me that overcomes some of the difficulties which I foresaw in connection with the position this board might occupy in what we might call the mechanization of the government. I earnestly hope that the discussion which will occur on that phase of the matter will be illuminating and of assistance, and that the plan will work as the minister expects it will.

In his statement the minister made certain comparisons between contracts which have been let since 1935 and those which were let before that year. It is not possible for me to make any extended reference to those comparisons. As hon. members know, for a period of a little less than twelve months I occupied the position which the minister now occupies. I am sure he will agree with me that there is not, of necessity, anything wrong with the principle of selected lists. The common understanding of that term carries with it an idea of a list of political partisans, but the minister knows full well that is by no means true. There are certain requirements of the Department of National Defence, as of other departments, in connection with which very few people are competent to tender. I think the minister will agree with me when I say that since 1935 these selected lists have contained much the same names as were on the lists before that year. It is not possible for me to hazard any suggestion with regard to the comparative figures the minister has put forward; the records are available to him; he has a staff which is accustomed to dealing with these matters and it is easy for him to have prepared comparative statements which will bear out the view he wishes to express.

I should, however, draw attention to one fact. In the eleven months during which I occupied the office which the minister at present holds, we were operating in an atmosphere of disarmament. So far as my recollection goes, there were few contracts let for what could be primarily called munitions. The majority of the contracts let during that time, if my memory serves me correctly, were for the requirements of the relief camps. It will also be remembered that money expended during that period was looked upon as being somewhat in the form of relief. Therefore, if certain commodities were needed in eastern or western Canada, it was not an unreasonable view to take that the list of contractors capable of providing those commodities were those located in either eastern or western Canada. Details of that sort would enable one to make a much closer comparison between the two sets of figures. I do not propose at this stage to go further into that matter because I may elaborate it at a later date. If, however, the minister can carry out the ideal which he has put before the house to-day, not only will he have the closest cooperation of those with whom I am associated, but I think he will receive from the people of Canada recognition that the ideal he is striving for is a worthy one.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, what I shall have to say on this resolution can be better left until the bill itself comes before the house. Therefore my remarks at the present stage of the legislation will be exceedingly brief. However, before I turn to the resolution I should like to say a word or two about the minister's speech. I think all parts of the house will agree with him in his expression of horror at any idea of large scale profits being made out of the production of war materials. It seemed to me that the major part of his speech consisted of a defence of the Department of National Defence rather than a discussion of the resolution. After listening to the lengthy justification which he gave for all that has been done, I began to wonder why we should have this defence purchasing board at all. Every once in a while the minister would advance an argument against state ownership of armament factories and then look over at this corner and say something about the Cooperative Commonwealth Federation wanting to bring about socialization. The strange thing is that the minister himself is definitely on record as being in favour of the manufacture of war materials in state owned factories.

He cannot have it both ways. He cannot get the support of people who believe in state owned factories and at the same time label it socialism. He must be either for or against it. The fact that the minister throws back responsibility on the departmental officials by saying that there is a division of opinion among them cannot absolve the government from responsibility. What the opinions of the officials may have been; what the opinions of the officials may be to-day, has no bearing whatsoever. This government must accept responsibility for whatever policy they adopt in the manufacture of munitions and the preparation for possible war.

Let me turn now to the resolution itself. May I say that I have been interested in this matter ever since I came to this house and long before. On February 4, 1937, I had the privilege of moving the following resolution in the house:

That, in the opinion of this house, legislation should be immediately brought down by the government of the day providing that, in the event of another war involving Canada's active

participation, every agency, financial, industrial, transportation or natural resources, shall automatically be conscripted for the duration of such a war, and that a penalty be imposed for the violation thereof.

It is interesting to note that although the Minister of National Defence (Mr. Mackenzie) was in his place at that time, he took no part in the discussion and we had no expression of opinion from him. I was interested in hearing the minister say to-day that this bill centres round the feature of profit control. I was, however, disappointed when he said that he did not believe we could remove the profit feature. I think the government and the minister have been sincerely concerned about the matter of profit control ever since they took office. The Prime Minister (Mr. Mackenzie King), the Minister of National Defence, the leader of the opposition (Mr. Manion) and other hon. members have indicated that no one wants to see profits made out of either preparations for war or the actual war itself.

I have no intention of debating this question at any length, but I should like briefly to review what the government has done in an effort to control profits on war materials. I want to remind the house that on January 8, 1937, the Prime Minister set up a committee presided over by Doctor Skelton. I shall not go into the details of the report which that committee submitted, because the Minister of National Defence has reviewed it adequately. But they did take cognizance of the fact that there was in Canada a widespread feeling against war profits. They drew attention to the resolution which I have just read and which was on the order paper at that time. They contended that to place the manufacture of arms entirely in the hands of the state was not feasible at that time, although they thought that there might be a case for some moderate extension of the government arsenals. They were doubtful whether new legislation to control private profits could be attempted at that juncture. They felt unable to suggest any specific legislative measures. They felt that the control of profits and the prevention of excesses could most profitably be brought about by close and guarded administration.

As a result of that committee's report, which was not very definite, an interdepartmental committee was set up, and I want to place before the house the terms of the order in council which brought that interdepartmental committee into existence:

Certified to be a true copy. The committee of the privy council have had before them a report, dated March 2, 1937, from the Minister of National Defence stating that an interdepartmental committee formed under the instructions of the right hon. the Prime Minister to consider certain questions pertaining to the control of profits on government armament contracts, has in its report suggested that there be instituted a standing interdepartmental financial committee to assist the officials charged with the placing of contracts under the defence program, and that such a committee "might study and classify the requirements of the defence program from the financial point of view, and formulate or advise upon the financial principles or safeguards to be observed in placing contracts of various types, and as to rules of procedure."

That it was also suggested that this committee "might be available for consultation upon the financial aspects of any unusual specific cases or conditions arising from time to time, and that it would be limited to this function of assisting in the prevention of undue profits, that is to say it would not be concerned with other aspects of the defence program."

The minister is of the opinion that a committee whose functions and duties would be generally as set out in the suggestion aforesaid would be in the public interest, and therefore, recommends:

Mr. POULIOT: What page of *Hansard* is the hon. member quoting from?

Mr. DOUGLAS (Weyburn): From page 887. The order in council then goes on to set out the recommendations:

1. That there be formed a committee to be known as the interdepartmental committee on the control of profits on government armament contracts.....

Then it gives the personnel of the committee. Then follows recommendation No. 2:

2. That the duties of this committee shall be generally to study and classify from the financial point of view the various requirements which the government's defence program involves, and when it is considered by the department concerned that effective competitive tendering cannot be secured in regard to any of its requirements, to formulate or advise upon such principles and safeguards, whether of a general or specific nature, which in this connection the committee considers should be observed, and to communicate to all departments concerned such information in this respect as the committee considers should be in their possession.

As a result of that order in council, which I have read in part to the house, an interdepartmental committee was set up, presided over by the deputy minister of national defence. I draw the attention of the house to the fact that the purpose for which that interdepartmental committee was set up was similar to the very purpose for which we are now proposing to set up a defence purchasing board.

Mr. DUNNING: Not at all.

Mr. DOUGLAS (Weyburn): Most certainly. The terms of the order in council deal with the preventing of undue profits and the safeguarding of the interests of the people of

Canada, and the Minister of National Defence himself enumerated as the third feature of this bill, profit control.

Mr. MACKENZIE (Vancouver): May I interrupt the hon. member to say that the difference between the interdepartmental committee and the proposed board is this, that the committee was purely advisory, while this board will have power to act apart from the Department of National Defence altogether, except by way of requisition.

Mr. DOUGLAS (Weyburn): That is exactly the point to which I am coming. This interdepartmental committee was set up, and the impression was given in this house from time to time that it would be an adequate safeguard against the making of undue profits. The fact of the matter is that we know to-day that interdepartmental committee broke down.

Mr. DUNNING: Oh, no.

Mr. DOUGLAS (Weyburn): I will make my own speech and the minister can make one after I have finished. The evidence placed before Mr. Justice Davis, while I have no wish to go into that at this time—

Mr. DUNNING: The hon. member cannot.

Mr. DOUGLAS (Weyburn): The Minister of National Defence quoted from it.

Mr. MACKENZIE (Vancouver): No.

Mr. DOUGLAS (Weyburn): He quoted from the evidence.

Mr. DUNNING: Not at all.

Mr. MANION: That just shows where we would have been had we not had some little discussion of the Bren gun. The whole matter would have been just buried in the public accounts committee.

Mr. DUNNING: My hon. friends can discuss it again when it comes back from the committee.

Mr. DOUGLAS (Weyburn): When this discussion between hon. gentlemen on the front benches is over, I shall be glad to go on with what I have to say.

Mr. DUNNING: If it is in order.

Mr. DOUGLAS (Weyburn): It is in order. I want to point out to the house that here was a committee which in several specific instances found that the advice they gave and the point of view they took were deliberately either ignored or shelved. Here was a committee that broke down when it failed to report back to the body that created it. May I point out to the Minister of Finance (Mr. Dunning) who has been very good at interrupting, that here was a committee on which his own deputy minister sat as the financial representative, disagreeing with the policy of the chairman of that committee. I wonder if the minister is acquainted with the fact that his representative on that committee disagreed with what was being done.

The fact of the matter is, Mr. Speaker, that the interdepartmental committee absolutely failed as a check on the making of undue profits. It absolutely failed to safeguard the interests of the Canadian people. We are now to have a defence purchasing board, and all I have to ask is, will the minister, before the bill is brought down, give us some guarantee that, when it is brought down, this purchasing board will do what the committee evidently failed to do? Will he assure us first of all that this purchasing board will have the power that the Minister of National Defence has just said the committee did not have? Will it have the authority to proceed along certain lines despite the fact that one official here, or another official there, is not in favour of a particular course of action?

Mr. MACKENZIE (Vancouver): If my hon. friend will wait for the bill to tell him.

Mr. DOUGLAS (Weyburn): Otherwise, this is meaningless. I point out again that the value of this measure will be determined largely by the personnel of the board. Take the matter of a selected list. A selected list is meaningless unless those who compile it have the national interests at heart. Take this question of a five per cent profit. The minister said that no member of the house will object to a five per cent profit. Well, I object to a five per cent profit unless I know what it is on.

Mr. DUNNING: That is what the minister told the hon. member.

Mr. DOUGLAS (Weyburn): No, he did not. It will depend, for instance, on the value of certain pieces of land, certain buildings and machinery. But who makes these valuations? Here again everything depends on the integrity of the personnel.

Mr. DUNNING: Of course.

Mr. DOUGLAS (Weyburn): Exactly, and unless the minister can assure us that this board will have the necessary authority and that its personnel will be of sufficient integrity to warrant the confidence of the Canadian people, this board will get no further than the interdepartmental committee got. That is what I want to know. If we are merely to have another smoke screen, another group of men with no authority, another group to act

as a buffer, then, of course, we are wasting time. But if the government is sincere and proposes to give to this board substantial authority, and to put on this board the kind of men who will command the confidence of the Canadian people, then we can do what the Minister of National Defence so eloquently professes to believe in, that is, take the profit element out of the manufacture of war materials.

I say seriously to the Minister of National Defence, and to the Prime Minister (Mr. Mackenzie King), who is at present in his seat, that this defence purchasing board can mean everything or it can mean nothing. I trust that it will mean everything. I can assure the minister, although I am sure I do not need to do so, that the Canadian public will not stand for another failure in this respect; that a defence purchasing board which will function no better than the interdepartmental committee functioned in safeguarding the interests of the Canadian people will be merely another smoke screen which will bring the wrath of the people upon those who have been responsible for the purchase of war materials for the Department of National Defence.

Mr. J. R. MacNICOL (Davenport): May I have the minister's attention, because it was in large measure his remarks which caused me to rise to speak? Ever since the last war my mind has been made up that if the time came again when Canada would have to embark upon any extended purchases of war materials or munitions, we should do something along exactly the same line as the set-up which has been explained this afternoon. Therefore, when the minister jumped on me, he was entirely out of place, and it ill became him to impute to me wrong motives in my question.

Mr. MACKENZIE (Vancouver): Oh, no.

Mr. MacNICOL: The minister has a great many qualifications, but he has some serious defects—one perhaps more serious than any other, and that is a hot-headed temper. I am going to read to the minister a very ancient Brahmin proverb which I hope he will commit to memory and keep before him at all times when he is speaking. He must not impute motives to hon. members who have no such motives. The proverb I wish to read to him from an ancient book is: "Proceed not to speak or to act, before thou hast weighed thy words, and examined the tendency of every step thou shalt take: so shall disgrace fly far from thee, and in thy house shall shame be a stranger; repentance shall not visit thee, nor sorrow dwell upon thy cheek." I know the minister was sorry—

Mr. POWER: Send a copy to the leader of the opposition.

Mr. MacNICOL: I addressed my remarks to the minister. I know the minister is sorry—

Mr. MANION: Send a copy to the minister of health too.

Mr. MacNICOL: —that he replied to me the way he did; therefore I forgive him for that. I wish to speak for only a few minutes and to refer to just two or three items of the resolution. I am convinced that all reasonable, thinking people in this country will support any action of any government which will eliminate from the production of munitions either in peace time or—particularly —in time of war exorbitant profits such as were made during the great war. Therefore I heartily endorse the principle of this resolution.

I remember well that during the great war, when private soldiers in the front line were receiving $1.10 a day, moulders received a great deal more. I do not know whether at that time the hon. member for Vancouver-Burrard (Mr. McGeer) was in that class; it is quite a while ago; but someone told me that he had been a moulder. As a class these men received extremely high wages. I know they were paid $18 a day because of the scarcity of that class of labour; had their wages been cut down, they would have gone on strike. As a matter of fact, in one plant I have in mind the moulders went on strike twice during the war until their wages were raised to about $18 a day, if I remember correctly. I assume that the bill to be founded on this resolution will prevent any such exorbitant profits all along the line, either to industry or to anybody else.

As I understood the minister, he said that it is not the intention of the government to embark upon a big scheme involving a huge arsenal wherein the government would manufacture in Canada all the munitions required. I am in accord with that declaration. I believe the government should not embark upon any such scheme—very largely for the reasons the minister outlined. On the other hand, I have been wondering whether a small plant, which perhaps should be called a pilot plant, could not be set up wherein various types of munitions could be worked out, blue-prints made, perhaps samples prepared, and all the details made available, so that

when the government found it necessary to embark upon a program of manufacture, all they would have to do would be to call in a number of industrialists and say, "We want that article manufactured. We will supply the blue-prints and all the details and particulars necessary to make it." If the government also had special machines required for the manufacture of these articles, they might say to the producers, "We can also supply you with that line of machinery," and let them tender one against the other for a reasonable price. I imagine it would be possible to proceed along those lines.

The reason I endorse the manufacture of war munitions by plants other than those of the government or in addition to any government plants is that in war time the main consideration is to win the war. In following the records of Britain all down through their history, I find that she set out at the very commencement to win the war. In order to win, one must have the equipment and the necessary munitions. I have always felt that those supplies could not be produced in a government plant in war time at the same rate of speed that they can be produced in private plants. On the other hand, I am convinced that if ever the time comes again when it is necessary for the government to embark upon an effort at all comparable with that of the last war —I hope that time never will come—or even a fraction of the requirements of the last war, some regulations should prevail in industry itself whereby the men engaged in industrial production will not be up against the difficulties they encountered in the last war.

While I am using arbitrary figures whose relations may be altogether wrong, I have a distinct recollection that when manufacturers entered upon the production of shells during the great war and men were taken on to turn out, say a 4-inch shell, they would commence by producing perhaps forty or fifty a day, but towards the end of the war those same men were able to turn out approximately five to ten times the number. The consequence was that their health suffered. I know many, many men who, for the sake of obtaining large returns, exerted themselves far beyond the natural endurance of the human body, with the result that when the war was over, many of them were physically nothing like the men they were prior to the time they set themselves so strenuously to the manufacture of shells.

One point further, and briefly, because I have no desire to hold up the resolution. The government has, presumably as a result of its survey, a list of 720 plants or more throughout Canada.

Mr. MACKENZIE (Vancouver): I think it is about 1,200 now.

Mr. MacNICOL: I make no comment, nor had I any intention of commenting upon the question of a profit of five per cent. I am not associated with business, now, and what I had in mind was whether, in arriving at that figure, these men had been asked whether it was sufficient or not. That was a civil question, and I hope that when I again ask the minister any question of the kind he will contain himself and not fly off the handle. I can assure him that any question I ask is sincerely meant; it is intended to elicit information and has no other purpose. That is all I have to say on the resolution.

Hon. R. J. MANION (Leader of the Opposition): I shall say very few words at the moment because I think most of the discussion can take place better in committee than at this time. I simply observe that if the minister had made the same speech as this in his previous effort in this house, when there had been some criticism of him, he would in my opinion have done himself and his party a great deal more good, and would have justified, to some extent at any rate, some of the acts which he did not then try to justify.

Having listened carefully to the minister, and agreeing with most of what he said, I am of the opinion that the provisions of this legislation are the result of the Bren gun discussion in this house. I do not suggest that there was not going to be an act; the minister had placed a resolution on the order paper fairly early in the session. I do suggest, however, that the result of the Bren discussion brought about in the terms of the legislation an improvement which we would not have had in the absence of that debate. The minister may deny it, but certainly it is the conclusion to which I have come, although I cannot prove it. I suggest that if the minister, his department and the government, when dealing with the Hahn contract and with the Montreal construction company's contract, to which this side of the house objected, had recognized and acted upon the principles incorporated in the minister's speech this afternoon, or the principles to be embodied in the bill which he proposes to bring down, we could have avoided the whole discussion that caused so much dissension and agitation in the country and a good deal of bitterness in this house.

I believe that even yet—I say this on behalf of my party, but I say it also in the

interests of the country—if the government could in some way make retroactive the proposals said to be incorporated in the bill which the minister has explained briefly this afternoon; if those provisions could be made to apply to those other contracts to which reference has been made, it would redound to the credit of the government and to the advantage of the country at large. I suggest that the government give some further consideration to that proposal.

I have a great deal of respect for all classes of citizens in Canada. I am never one to criticize or question the loyalty of other people. Whether they be the working class, the professional class, the business class, I believe that the vast majority of our people, when it comes to any question such as the manufacture of munitions involving the huge sum of money which is to be spent in Canada, desire to see that money properly, fairly and decently expended. I believe that the proposal of a five per cent profit, if it can be worked out, as I think it can, will probably satisfy all those who stand by the principles which I have upheld here not only in the debate on the Bren gun contract but in the speech which I made in the debate on the address in reply to the speech from the throne. A few moments ago I looked up that speech, and while I recognize that it is not strictly permissible to make quotations such as I should like to give to the house now, at the same time the speech I gave on that occasion, dealing as it did with this very question, would set out my opinions on the whole matter better perhaps than I can state them now. At page 23 of *Hansard* for the third day of this session I said:

> The next paragraph with which I shall deal is that relating to the defence purchasing board. I am more or less in accord with the idea of a defence purchasing board, but before commending it completely I should like to know its personnel; I should like to know, for example, that it is not going to be a political purchasing board, that it will not be a case of picking one man and ignoring all others in regard to competition, picking a man and financing him while he runs around the world getting ideas about defence and then giving him the contract without permitting anyone else to tender.

I was obviously referring to the Hahn contract, but I also had in view the question of profits in general.

> I should like to know that, before I unqualifiedly endorse the idea.

While in detail the suggestions I offered are somewhat different, though not very much so, from the proposals which the minister proposes to incorporate in his bill, and while I have not had an opportunity to read the bill or to consider at all closely those proposals, I believe that the bill will largely meet the points which I raised in the speech which I made in the debate on the address and from which I have just been quoting. I went on to say:

> But as a Canadian citizen who for a long time has been familiar with public opinion I am convinced that the making of large profits from the manufacture of munitions or armaments is repugnant to the ideals of the Canadian people, whether such profits be made directly through a percentage of the amount of the contract, or by selling stock, or in any other way. The making of huge profits on munitions is looked upon by many of our people as taking blood money, as profiteering in patriotism.

Further on, I give certain quotations which, so far as I can remember, are pretty much those which the minister quoted this afternoon. I admit that there are some differences in my references so far as details are concerned. Perhaps I was not as definite in one or two of my remarks as I might have been. But the whole principle behind those remarks was the elimination of unfair profits, and with that idea the minister's bill as foreshadowed this afternoon is in entire accord. Subject possibly to some criticism as regards details, it will probably meet the ideas I expressed in my speech on the address. I did suggest that profits on the manufacture of munitions in Canada should be entirely eliminated, and then I added, as quoted by the minister, that so far as munitions for other parts of the empire were concerned, the government should control profits. That, I suggested, would encourage the British to give contracts in this country, assuring them of a fair deal, and also leaving a fair profit to the manufacturers. I believe in the profit motive, so long as it is fairly and properly carried out.

It is suggested I proposed that there should be no profits at all in the manufacture of munitions in Canada; but a remark of mine quoted by the minister showed that I was open to conviction in the matter, because I pointed out the danger of the idea not working out, and I left a door open. I do not believe that we could eliminate profits one hundred per cent; but if the personnel of the munitions board is well chosen and endeavours to carry out the provisions of the legislation along the lines indicated by the minister, eliminating all but five per cent—which is eliminating ninety-five per cent of profit—that should satisfy the people of the country to a large extent. I say that without prejudice, to use what I believe is a legal term, and not affecting my right to offer some suggestions

or criticisms with respect to the details of the bill when it comes before the house, as I suppose it will do this evening.

That is really all I wish to say at the present time, but I thought it might be well for me to say that on the resolution because it might not happen to fit in with regard to any of the provisions of the bill itself.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should not like to let the remarks of the leader of the opposition (Mr. Manion) go by without saying to him, on behalf of my colleagues and myself, how much we appreciate his chivalrous attitude towards the Minister of National Defence (Mr. Mackenzie) in what he has said this afternoon. My hon. friend has said that he thought that if the minister had made the same speech which he made to-day at an earlier stage, a good deal of the bitterness which has thus far characterized some of the discussions on defence matters would have been avoided. I agree with that, but I must say that the minister had a right to expect to have an opportunity to make the speech which he made this afternoon in connection with this measure apart altogether from the circumstances which surrounded the speech he made on a previous occasion. He was prevented from having that opportunity by the nature of the discussion on the Bren gun contract. The minister at that time was feeling very keenly the nature of the charges—I do not think that is too strong a word to use—which seemed to be leveled against him personally. I truly believe there is not an hon. member in this house who in his heart thinks for a moment that the minister did less than all he possibly could as a minister to avoid anything in the shape of profiteering or faulty procedure in the awarding of contracts in his department. But when a man is stung to the quick by bitter attacks before, as a minister, he has had an opportunity of presenting the affairs of his department to the house in a calm and deliberate way, it is not to be wondered at that he should have replied, to some of the references made, in a way that he himself would wish not to have been so obliged to speak.

What I want to make perfectly clear is that one of the reasons the minister spoke with the force and, to some extent, invective, which he used at the time, was that he has been subjected to pretty much of a personal persecution not only since this house assembled, but from a section of the press of this country from the time of the discussions which took place before the commission appointed to investigate the question of the Bren gun contract. Hon. members must realize that the Minister of National Defence has been under a tremendous strain for months past, a strain which I imagine very few men could have endured if they had not had, as I know he has had, a sense of personal rectitude beyond all question.

The leader of the opposition said he felt that the bill to be based on the resolution moved this afternoon was no doubt the result in large part of the discussions we have had in this house on the Bren gun contract. Let me assure my hon. friend that the measure which will come before the house to-day was to all intents and purposes completed in all essential particulars before this house ever met. I would draw my hon. friend's attention to the paragraph in the speech from the throne which says:

> Legislation will be introduced to establish a defence purchasing board with power to purchase equipment for the defence services and to ensure that, where private manufacture is necessary, profits in connection with such are fair and reasonable, and that the public interest is protected.

Mr. MANION: It is the details of the bill which I was suggesting had changed.

Mr. MACKENZIE KING: Let me say to my hon. friend that before the commission under Mr. Justice Davis was appointed, the government had decided to bring in a bill along the lines of that being brought in to-day.

Let me say further that during the last two years my hon. friend the Minister of National Defence and I have had frequent talks together about this very difficult and complicated matter in relation to existing situations of how far it was wise to go in the opening up of arsenals, the letting of war contracts by tender, and with respect to other matters connected with his department; and repeatedly the Minister of National Defence himself has pointed out that he would welcome having some body independent of the Department of National Defence altogether review the contracts of that department so as to ensure that there would be no opportunity for any kind of profiteering or improper dealing with respect to any of them. It was at the instance of the minister and as a result of the talks he had with me as Prime Minister that in the first instance I appointed the Skelton committee, or recommended that there should be a committee to study this matter and advise the government as to the best method of proceeding to protect the public interest in connection with defence expenditures. The interdepartmental committee was a second step

towards the same end, and the bill to be introduced is in part the result of the experience gained by that interdepartmental committee and the advice the officers of the government upon it have been able to give to the government. All of those steps were taken before there was any publication of any article in *Maclean's* magazine which occasioned the appointment of the commission. When that article appeared, it was just because the cabinet felt so strongly the necessity of seeing that there should be no suspicion, even, in the public mind either of wrongdoing or of wrong methods being employed in connection with defence contracts, that we immediately decided to have a justice of the supreme court make inquiry as a commissioner into the whole question of the contract there referred to as thoroughly and completely as possible. I assure my hon. friend and the house that the bill which is to be before us to-day was decided upon, its features settled and, if I am not mistaken, the greater part of its provisions drafted in final form before this house met, and even before parliament was called. It was the matter which to the largest extent occupied the attention of my colleagues and myself after we had completed the work on the Canada-United States trade agreement.

May I conclude by saying that at each stage the minister himself was the one who asked that the additional procedure mentioned should take place. When we come to read the bill it will be seen that one of the clauses gives to the Minister of Finance (Mr. Dunning) the authority of bringing the recommendations of the board to the attention of the cabinet. The Minister of Finance himself—I am not disclosing secrets that I should not—talked to me time and again about his not wishing to appear in his position to be in any way superseding the position of the Minister of National Defence. He thought that being naturally sensitive in this whole matter the Minister of National Defence might feel that others would think this provision was in the nature of a reflection upon him. It was because the Minister of National Defence insisted that in every respect he wished to have the financial aspect or rather the contractual relations aspect of the affairs of the Department of National Defence removed as largely as possible from the department and put, as it is in Great Britain, under the treasury or some authority in Canada corresponding thereto, that the bill is being brought down in the form in which it is to-day.

At six o'clock the house took recess.

[Mr. Mackenzie King.]

After Recess

The house resumed at eight o'clock.

INTERPRETATION ACT

AMENDMENT TO MAKE ANNIVERSARY OF SIGNING OF STATUTE OF WESTMINSTER A STATUTORY HOLIDAY

Mr. WILFRID GARIÉPY (Three Rivers) moved the second reading of Bill No. 2, to amend the Interpretation Act.

He said: Mr. Speaker, nations and families, like individuals, have their red-letter days. Events of special significance call for remembrance. Circumstances of particular importance deserve celebration. It is something of such a nature which prompts me to rise and present this bill.

Short as it is, the purpose of the bill is to recall yearly to our people our independence and emancipation, and to invite them to rejoice over the passage from a state of colony to a state of freedom and liberty. The object of this legislation is to add a holiday to the list of national holidays, and to make such holiday December 11, because the statute of Westminster was adopted in the old land on December 11, 1931.

In rising, I trust and hope to have the support of the house in the move I make. I know this is a request backed and endorsed by our people. I shall not delay proceedings by reading the numerous letters of approval which I have received from persons of different callings, nor shall I read the requests and petitions, the numerous resolutions passed in its favour by all kinds of bodies and societies, the writings of newspapers expressing opinions absolutely in sympathy with it and referring, all of them, to how essential it is for our national welfare that certain anniversaries be blessed and never be allowed to be forgotten by the masses and by the generations to come. This is one of them. Doctor Maurice Ollivier, of the law branch of this parliament has written:

(Translation) The life of all peoples is marked by certain dates which overshadow all others and are as beacons illuminating history and explaining it. In the history of France, it is 1789; in the history of England, 1215, and in our own history, December 11th, 1931.

(Text) The year 1789 in France meant the end of royalty, the opening of a new era, and a time when new devices and slogans were inscribed in French laws, and in the constitution of that country.

In England the year 1215 meant the alliance of King John with the nobles of his realm and the birth of that noble document,

Magna Charta, more pregnant in its terms and in its objects than anything ever seen before, even in republican Rome or in ancient Greece.

The statute of Westminster is the law par excellence for Canada; it is the crowning gesture in our history; it is the final say in our marvellous advance towards progress, civilization, freedom and world importance. It is achieving the summit, after centuries of struggles and physical and intellectual labours. It is the most important constitutional result secured since the foundation of our country, brought about gradually and progressively by mutual consent, and through the genius displayed by leaders of public opinion.

Representative institutions never existed in this country under the French regime. Absolute monarchy then prevailed, and it may be that such a system was not without some advantages in the pioneering period. Our clergy worked hand in hand with the seigneurs, and truth and gratitude demand that we acknowledge and recognize the services rendered to our different communities then, as well as presently, by our clergy.

The year 1760 changed the flag under which our forefathers lived. In that year was instituted military rule which was not devoid of glory and lustre, but which was unacceptable to a civil population endowed with ambition and self respect.

In 1774 the Quebec Act brought about a slight improvement, an improvement which was still more marked in 1791 under the Constitutional Act, and again under the Union Act of 1840. But it was not until 1848 that, on instructions from the home office to Lord Elgin, the then governor, responsible government came into existence. By their firmness and foresight Lafontaine and Baldwin, giants in statesmanship, obtained from the crown for the Canadian people rights and privileges which cannot be prized too highly. Macdonald and Cartier, with Tupper, Brown, Mowat and others, are the fathers of confederation, as we have it. It is a monument of grandeur, a tower of strength, an instrument of flexible government—imperfect, if you like, but, as events prove, capable of being made suitable to our needs and requirements.

And through it all, from 1760 to 1931 laws and constitutions have been altered in London. There was the supreme power, the final authority. The statute of Westminster, adopted at our request by this final authority, removes every vestige of bondage and makes us sovereign not only within our own walls and frontiers, but throughout the world. Rights of minorities are guaranteed. That which is sacred remains sacred. But from now on we are a nation, in the full sense of the word; autonomy is firmly and definitely established and consecrated.

I am proud of Canada as she is now, with new rights and responsibilities, and I would say, Let us unite to be great and strong. Let us have not, a condition of province against province, race against race, creed against creed, but a condition where provinces, races and creeds may be standing together in brotherly love, under king and flag, to protect and defend our common heritage.

As a matter of record, may I state briefly the purpose of the statute of Westminster. It is described as "An act to give effect to certain resolutions passed by imperial conferences held in the years 1926 and 1930." It happens to be non-contentious, because we now face the *fait accompli*. Every political group and party, on behalf of the nation as a whole and without exception, will join in endorsing this great result which, obviously, has had the sanction of the government of the old land.

Doctor Ollivier, who has written extensively on the matter, states that the great war made possible what had looked like a dream before that time. Sixty thousand Canadians died in Flanders. Sir Robert Borden, the then Prime Minister, was emphatic in his views with respect to Canadian representation on post-war settlement commissions and at the meetings of the society of nations.

(Translation) By this statute, writes Mr. Leopold Richer:

> . . . the various dominions, including Canada, have become independent countries of the British Empire, kingdoms whose sovereign, George VI, is also king of England and emperor of India.

L'abbé Lionel Groulx has stated:

> This statute is the acknowledgement of a new state of affairs by equals and associates; a political and diplomatic contract drafted and accepted by all, each one speaking and acquiescing in the name of his country with an authority and right absolutely equal to that of the others.

As a preparation to this statute, the imperial conference of 1926 distinctly stated:

> Great Britain and the dominions are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the crown, and freely associated as members of the British Commonwealth of Nations.

(Text) May I recall that this statute secures for Canada what was desired by the American colonies prior to the Boston tea party. The revolution led by Washington might have been avoided had Lord North been animated by a

different spirit. In short, the statute of Westminster declares in a few paragraphs that the British parliament has conferred sovereignty on Canada. Under its terms our country attains majority, is given complete and absolute power. It is liberated from the operation of the Colonial Laws Validity Act and can legislate with extra-territorial effect. It is no more under the power and control of the parliament of the United Kingdom. It is free as far as the merchant shipping act is concerned. The British North America Act is retained just as long as it is desired by ourselves. Amendments to the constitution of Canada are to be in the hands of Canada and Canada only. As it stands now, Canada is to choose its own representatives and make and sign its own treaties with other nations, untrammeled and without any interference whatsoever. Such conditions have their consequences. Our responsibilities are increased. Being masters in our own home, we must keep a closer eye on everything, not only the constitution itself but on our policies, internal and external. No engagement can bind us unless we are a party to it, and particularly no engagement as to war. This may create the necessity for a truly Canadian flag, the abolition of appeals to the privy council and the immediate attention to sundry matters heretofore attended to outside of our own country.

These are far-reaching changes, of a nature to create pride and self-confidence. Their effect cannot be overestimated, either in time of peace or in time of war. Under the new order of things decisions are not to be binding unless they are arrived at on this side of the water by our own Canadian parliament elected by our people. The genius for government of the British race has never been shown more clearly and established more firmly than by this great move, by this momentous concession of an old and glorious nation to a young and promising people. Rome in its palmy days, like communist Russia, like Italy and like Germany of the present age, believed in force, in armies, in concentration and in domination by sheer power. Not so with the empire of which we are proud to be a part. It is a commonwealth of equal states. Under the statute of Westminster we are partners; we have the same king. But if we bow to the same God and to the same king, nothing can bind us except our own brains, our own conscience, our own choice and decision to select and conclude. In short, His Majesty the King has become the king of Canada, and Canada emerges into complete independence, taking her place under the sun among the free nations of the world.

[Mr. Gariepy.]

Between 1890 and 1900 there was a period of uneasiness in Canada. From Toronto came a demand for imperial federation, whereas in my own province the opposite extremes were advocated, some talking complete independence and others going back to the 1854 bogey and discussing annexation. A satisfactory solution has been found and discord has been replaced by agreement. Men who differed are now united and happy in a common course of thought and action. Deserving of praise and credit as they were in their time, the Quebec Act, the Constitutional Act of 1791, the Union Act and the Confederation Act. although each a step in the right direction, were only moves toward the final and definite evolution which has been reached by the statute of Westminster.

I pray that this house will pass this bill. It is worthy of favourable consideration and enthusiastic approval. I am a Liberal, and I cannot be silent over the fact that the leaders of my party have proved to be no small factors in the adoption of this statute. In a memorable speech Sir Wilfrid Laurier said in a prophetic tone, "Canada is a nation." He gave his life for this country like Thiers, like Gladstone and like Lincoln. Laurier was a martyr to an idea, to an ideal, to a project and to a goal. He wanted all elements and all classes to work in harmony and in agreement so far as Canada's welfare was concerned. The present Prime Minister (Mr. Mackenzie King) was a disciple of Laurier. He was at the imperial conference of 1926 and history records the stand he took and the lead he gave, ably assisted as he was by his popular Siamese twin, the right hon. the Minister of Justice (Mr. Lapointe). The right hon. Minister of Justice was the first Canadian to sign, in 1923, on behalf of Canada as a free country, a treaty with another nation. It was his glorious lot to impress the British government with the wisdom of this statute when its principles and features were being considered. Just a few days ago he said:

(Translation) In 1929 I had the honour of leading a delegation charged with the discussion and preparation of the draft of the statute of Westminster, and I devoted two months to that work.

(Text) Lapointe, Laurier, Cartier, Lafontaine and Papineau—this chain of Quebec leaders in the political field takes us back to previous centuries and recalls the part played in the progress of this country by the two great predominant races. Justice without favour, peace with honour, protection for one and all—it is under such sound policy that we shall fulfil our duties as Canadian citizens

in the enjoyment of a new statute. We shall be true to our king, the king of Canada, but we shall be true also to ourselves. We shall be free like the air we breathe, free as we never were before, thanks to a statute which I want the whole country to salute and be reminded of on December 11 of each year. This is why I present this bill for adoption by this house.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, the motion of the hon. member is for the second reading of bill No. 2, to amend the Interpretation Act. I am surprised that the Minister of Justice (Mr. Lapointe) has not risen in his place to declare this bill out of order inasmuch as it involves an expenditure of public money in its printing and in the time of the House of Commons it has taken up at so much per minute. The purpose of this bill is to make a holiday of December 11, which day is to be designated Statute of Westminster day. In my opinion there are too many holidays now, and it would be better if this parliament would devote itself to something practical for the benefit of the working people of this country and of the 300,000 or 400,000 youths who are out of work, rather than taking up time talking about academic questions like the statute of Westminster. This statute has been nothing but an empire wrecking act. It has come near to putting Canada out of the empire. Had it not been for Munich, this statute might have helped to bring about the end of the British empire.

We now have as holidays in December, December 9, the king's birthday; December 25, Christmas day, and December 26, which is more or less a holiday. There is also January 1, New Year's day, and it is now proposed to have another holiday, December 11, to be known as Statute of Westminster day. Well, good-bye and good night to work in this country. It is not holidays that the people are looking for; it is remunerative employment in Canada that Canadians want instead of having to go to the United States to look for positions.

Now, as to the proposal of the hon. member: who is asking for this statute?

Mr. SPENCE: Nobody.

Mr. CHURCH: Who has petitioned this parliament for a holiday on this date? Let us look at the statute and see what it is. It was the result of what is known as the colonial or imperial conferences—they have changed the name of these meetings—in 1923, 1926 and 1930. The representatives of Canada had no mandate from the Canadian people to bind us with such a statute as this, and those who went over there did not represent the wisdom and the judgment of the people of this country. Our people were never asked to express an opinion regarding this empire-wrecking statute known as the statute of Westminster. Of course, Canada took a leading part in obtaining it. Canada seems always to do all the talking on such matters before these conferences; but when it comes to actual performance paying or doing something practical, she does nothing at all. Canada was responsible very largely for Munich, because she persuaded the mother country to disarm the finest navy, air force and army the world ever saw, with the result that the pacifist pact of Munich was necessarily brought about.

Let us look more closely at this statute, included as chapter 4 in the statutes of Canada, 1932. It is arranged into some twelve sections. It will be noticed, in section 10, that Australia, New Zealand and Newfoundland refused to be associated with this triumph of Canada, the south of Ireland and South Africa, the three dominions which are linked together in this statute. Section 10 states that sections 2, 3, 4, 5 and 6 of the act shall not apply to Australia, New Zealand or Newfoundland unless they are adopted by those dominions. What are those six sections? They are practically the whole of the binding sections of the statute.

Section 2, relating to the validity of laws made by the parliament of a dominion does not bind Australia, New Zealand or South Africa. It states that:

> The Colonial Laws Validity Act, 1865, shall not apply to any law made after the commencement of this act by the parliament of a dominion.

The next section relates to the power of parliament to legislate extra-territorially: Canada has adopted that, of course; although she still depends on the British fleet in time of trouble, she is over there leading in the obtaining of this empire-wrecking agreement. By section 4 the parliament of the United Kingdom is not to legislate for a dominion except by its consent. Section 5 deals with the powers of dominion parliaments in relation to merchant shipping. Section 6, as to the powers of dominion parliaments in relation to the courts of admiralty, we also put there.

It is evident that so far as Australia, New Zealand and Newfoundland are concerned, they want to be in the British empire. At this conference it was decided that every dominion must look after its own defence. Canada is coveted by all the dictators because of her magnificent natural resources. With

the raw materials that we have, this land would be the happy hunting ground of the dictators if trouble occurred; there is only one agency which separates us from that trouble and from the power of the dictators, and that is the British fleet. The fleet is the protection which the motherland gives this dominion to keep open our trade routes and protect our shores. For that reason I cannot understand such legislation as this. I believe that if this statute had been submitted to the people of Canada, it would have been defeated at the polls. In the elections of 1930 and 1935 I never heard anything about it. Yet it was put over by those interested. In whose interest? To please South Africa and the people of southern Ireland. Australia and New Zealand are excepted from it almost entirely.

Let us go further and see what since this statute came into existence, is the position of the dominions. We will start with the Dominion of Canada, and see how this measure has led to separatism. The story goes back to 1919. I do not assign all the blame for this to the present government, because some of our own party were connected with this policy a few years ago. They opened a legation at Washington; and if I had been the only Conservative member to do so, I would have voted, had I been here, against the establishment of the Washington legation and other legations all over the seven seas, because in my opinion it was not only fatal in times of peace, but will be most disastrous in time of war. If it had not been for Munich, we would have found that out in twenty-four hours from the dictators. We were near to it during that awful week last September.

What part has Canada played? In 1919 we started this business of separatism by signing the peace treaty at Versailles as a separate nation. I collected these different statutes in an address on a motion of the hon. member for Winnipeg North (Mr. Heaps) in this chamber on Wednesday, January 27, 1937, and I am reading from my speech in *Hansard* of that date:

> . . . a separate seat for Canada was demanded and secured at the assembly of the League of Nations. In March, 1923, the halibut treaty was signed at Washington by Canada as a separate nation.

I think the present Minister of Justice signed for Canada then.

> The imperial conference of 1923 affirmed the right of Canada to sign separate treaties. In 1924 Canada acted separately on the Dawes plan, and in that year Canada urged that the Colonial Laws Validity Act be repealed. In 1926 there was another imperial conference and the right was affirmed of each dominion to make separate and independent treaties not binding on any other country. We were given sovereign powers, and we saw the results in the Kellogg note. Separatism has gone far enough in this country. Some would abolish appeals to the privy council; others would abolish the office of lieutenant governor. Many innovations have been made during the last few years, with the result that we have nothing but a policy of separatism in this country, and this resolution, Mr. Speaker, practically says that Canada is a separate country from the mother country, like Spain or Ireland. We are bound to the mother country by ties of loyalty and affection. The governor general is also now merely a viceroy and removed from getting any advice from Downing street.

If any advice is required we are now told that Canada is the only place where one can get it. That is the position of Canada. Canada was a party to this statute of Westminster; we signed, sealed and delivered the statute which I spoke of in that debate and which I have just set out.

Now we come to Ireland. The statute was passed to please two dominions, South Africa and the south of Ireland.

Mr. GRAY: What is the hon. gentleman reading from?

Mr. CHURCH: Not only has Ireland abolished the office of governor general and can make its own treaties, but since the passage of this statute the king's head is off the coins and off the postage stamps; there is a separate flag, and the British army has been banished from Ireland. The authority and power for Ireland to act in this fashion were derived from the statute of Westminster. Yet it is supposed to be one of the dominions. From the same source come the powers of the president of Eire, as they call it, or the president of the republic as I call it; others can call it any name they like. Not only that, but Ireland has gone further. She abolished the protection of the motherland so far as the army goes. The Prime Minister of the Irish republic goes over to London and refuses to drink the royal toast at the banquet at the parliament buildings, and then he proceeds to try to annex the Six Counties. That is where they stand under this statute of Westminster.

We come to another of the dominions named in this statute, the Union of South Africa. Where does it stand? That dominion is part and parcel of this statute. On page 1, in the preamble, reference is made to the delegates from the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, et cetera. The Prime Minister of South Africa refuses to take the privy councillor's oath. They have already hauled down the

flag, and they have a little flag of their own in which there is a little eyelet hole for the union jack. The flag which protected them has been removed. They want to follow the example of Ireland, whereby they will want to be outside the empire altogether except for the protection of the British navy, and they appoint their own governor general. They want to be what is called an outside state—outside 364 days in the year, but on the last day wanting the protection of the fleet of the flag that protect their shores. There is no doubt that is where they stand.

Here is a picture of how separatism works. There was a picture in all the Canadian papers away back on November 4, showing Hon. Mr. Pirow, the Minister of Defence of South Africa, reviewing Hitler's troops right in the city of Berlin a week after Munich. And he was there before. What was he doing over there? He was over there to try to get back for Germany by exchange some of her mandated colonies. That is the position to-day; and the right hon. Prime Minister Hertzog has never taken his oath as privy councillor and will not take it. What do we find Hon. Oswald Pirow, Minister of National Defence for the Union of South Africa, doing? He went to Berlin and reviewed Hitler's troops and took the salute. I have a picture in my hand of him reviewing the troops in Berlin. The Union of South Africa some years ago passed an agreement over the head of the mother country whereby certain territories will be given back to Germany in exchange for certain others. The Minister of National Defence for South Africa finally wound up in Great Britain, and what was he trying to do there? Trying to persuade the British government to give Germany back her colonies. In Canada the press, with three or four exceptions, for years have kept the people in the dark by their lip-service to the League of Nations. There are only about four or five newspapers in this country which have opposed this doctrine of separatism.

The *Daily Express* of Johannesburg has a picture, to which I referred in the debate in this house two weeks ago, of the hauling down of the union jack just before a parade at which General Hertzog took the salute. The caption under the photograph is as follows:

Just before General Hertzog arrived at Swartkop aerodrome to take the salute at to-day's union day parade, officers discovered that the union jack, instead of the union flag, was flying at the saluting base. Hastily they had the union jack hauled down.

That is the position in that dominion.

This doctrine of separatism is disastrous in peace but more futile in war. We saw the result of it in 1914. Lord Roberts went up and down England telling the people that war was coming, just about a month before war broke out, and he appealed to them and to the dominions for preparedness. The leading statesmen of England, with the exception of Lord Milner, were opposed and would not listen to Lord Roberts, who was telling the people to be prepared. If they had been prepared Great Britain could have had four hundred thousand troops ready to move at the outbreak of the war, and the war would have been over in a couple of months.

We may have the same state of affairs in Canada as a result of the doctrine of separatism and trying to look after our own defence. Where are we to-day? Suppose Munich had not been a success. Germany's air force has a supremacy in the air estimated at three to one, and they would have been over London within a very few hours. What did the Secretary of State for War in Great Britain, Leslie Hore-Belisha, say? He showed the futility of the defences of London in case of war and gave the people all the real facts, not silence. I quoted in this house a couple of weeks ago what Mr. Chamberlain said that there should be the fullest publicity not only with regard to the defence of England but with regard to Britain's foreign, home and defence policies.

So far as the statute of Westminster is concerned, all the papers of Canada, with five or six exceptions, have been giving lip-service to the League of Nations, hoping that that would save us, that it would provide an armed force to protect our shores. But we know the futility of that hope because the league is done and finished.

There is no demand from the people of Canada for this bill. The act leaves us to look after our own defences ourselves. The explanatory note to the bill states:

Paragraph (11) of section 37 at present reads as follows:

(11) "holiday" includes Sundays, New Year's Day, the Epiphany, Good Friday, the Ascension, All Saints' Day, Conception Day, Easter Monday, Ash Wednesday, Christmas Day, the birthday or the day fixed by proclamation for the celebration of the birthday of the reigning sovereign, Victoria Day, Dominion Day, the first Monday in September, designated Labour Day, Remembrance Day, and any day appointed by proclamation for a general fast or thanksgiving.

Then it goes on to say that the purpose of the amendment proposed by the hon. member for Three Rivers (Mr. Gariepy):

. . . is to make the eleventh day of December a holiday throughout Canada. The Statute of Westminster, which confirmed Canada's present

status, that of a sovereign country freely associated as a member of the British commonwealth of nations, was assented to on the eleventh day of December, 1931.

It is fit and proper that this most important anniversary should be kept and observed as a holiday.

The bill is entitled, "An act to amend the Interpretation Act," and reads:

His majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. Paragraph eleven of section thirty-seven of the Interpretation Act, chapter one of the Revised Statutes of Canada, 1927, as enacted by chapter six of the statutes of 1935, is repealed and the following substituted therefor:

"(11) 'holiday' includes Sundays, New Year's Day, the Epiphany, Good Friday, the Ascension, All Saints' Day, Conception Day, Easter Monday, Ash Wednesday, Christmas Day, the birthday or the day fixed by proclamation for the celebration of the birthday of the reigning sovereign, Victoria Day, Dominion Day, the eleventh day of December, designated Statute of Westminister Day, the first Monday in September, designated Labour Day, Remembrance Day, and any day appointed by proclamation for a general fast or thanksgiving;"

I see no demand for this legislation, Mr. Speaker. But this government wants to change everything.

Under the statute of Westminster each of the dominions is to be responsible for its own home defence. Where is Canada's? What home defence have we if Canada is invaded by the dictators? We had a little discussion in this house last year about Japan—

Mr. SPEAKER: I think the hon. member is going far afield from the subject matter of this bill when he talks about the defence of this country. This bill has to do with adding one more holiday to our list of national holidays, and the hon. member is not at liberty to speak of national defence on this bill.

Mr. CHURCH: Let me quote the words of the statute of Westminster respecting defence—

Mr. SPEAKER: The hon. member is repeating his argument, and there is a rule of this house which says that an hon. member repeating his argument all the time may be called to order by the Speaker. The hon. member is not adding anything new.

Mr. CHURCH: Then I will say it at some other time, Mr. Speaker. If all parliament has to do is to spend its time discussing academic questions like this, the sooner we go home the better. A private member has no rights here; yet a private member is the only connecting link between the government of the day and the electors, and when he ceases to function all parliamentary government is at an end. I have, as an authority for the functions and rights of private members and their duty, that statement in Edmund Burke, who in his address to the electors of Bristol said:

Certainly, gentlemen, it ought to be the happiness and glory of a representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents—

Mr. SPEAKER: The hon. member cannot impute motives. The hon. member for Three Rivers is quite within his rights in introducing this bill.

Mr. CHURCH: I accept your ruling Mr. Speaker. I doubt if a private member can say anything in this house. We have rules and regulations governing us that are three and four hundred years old. All we are here is a house of undertakers, janitors and caretakers. That is what we are coming to.

Some hon. MEMBERS: Order.

Mr. CHURCH: We have no powers; we might as well go home.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I must congratulate the hon. member for Three Rivers (Mr. Gariépy) on his very fine address and thank him personally for his kind words concerning myself. I hope he will not be too disappointed if I question the necessity or the opportuneness of carrying the bill into legislation. The hon. member for Three Rivers said such nice things about the modest work I had to do in connection with what led to the statute of Westminster that I needed the other words of my hon. friend the member for Broadview (Mr. Church) to bring me down to a status of humility.

As far as the proposal is concerned, to declare this particular date a holiday, to attain the purpose of the proposer of the bill would need more amendments than this one, because the Interpretation Act only defines what a holiday is when there is no other interpretation in the text of special legislation. On every occasion when we celebrate a holiday, that holiday is defined. For instance, in the Bank Act, in the Letters of Exchange Act, in the Civil Service Act, the holidays provided for are therein all described; and merely to add this date to the Interpretation Act would not have the effect of creating holidays for the various purposes of those legislative enactments. That could be remedied, of course, by adding amendments to the bill. I am doubtful, however, about the proposal itself, not because of the motives of my hon. friend but because I believe that

the first of July, Dominion day, is the national day of Canada and embraces the commemoration of all that Canada has done in her progress to nationhood.

Dominion day means confederation day. The confederation was formed in 1867 by the joining together of four colonies, and the new nation, or at least the country that was on the way to nationhood, gradually added to itself other provinces and made various improvements to reach the status which we now enjoy. This has been a gradual process. I will not describe the various stages; my hon. friend did. The year 1926, of course, crystallized the work that had been done, and the position of Canada in the British commonwealth was actually defined and accepted by all on a status of equality. In 1929 we had the conference in London where a draft of the statute of Westminster was prepared, discussed, debated and accepted and finally, in the following year, the statute was enacted defining Canada's nationhood.

All along there were many difficulties to be met and faced. Every step forward has been fought, most frequently by arguments such as those used by the hon. member for Broadview to-night. I may say that even those who accept the statute of Westminster to-day, and not only accept it but celebrate its anniversary on different occasions, were rather indifferent at the time, and some of them were apprehensive. It was represented as meaning separatism, separation from the British empire, as the hon. member for Broadview said to-night. Of course, it is the opposite. It is a symbol of union; it is unity and freedom; it is the bond that binds together the various parts of the commonwealth under the same crown. Freedom is the cement that binds all these nations together, and if the people of Canada and of the various countries of the commonwealth had ideas such as those expressed by the hon. member for Broadview, that, I believe, would lead to division, disunion and disruption.

Fortunately, my hon. friend's voice is one in the wilderness, because most of the people of Canada accept the situation as it is and are pleased at the change. But—and here I address myself to the hon. member for Three Rivers—the statute of Westminster applies to all Canada. It was the goal of all Canada and Dominion day, which is Canada's day, the national day of the whole country, embraces it all; so that undoubtedly the celebration of Dominion day, the Westminster act and the statute that was passed as a result of that act, all go together.

I do not believe that too many holidays would be advisable. I believe perhaps we ought to have fewer holidays, but we should celebrate them with greater keenness, more fervour and more patriotic enthusiasm. For instance, Dominion day, Canadian day, is not in my opinion celebrated as it should be throughout the country as the national day, as the national days of other nations are celebrated. It should be more assertive of the national spirit of Canada. I repeat, I do not think there should be too many holidays.

I have a list of the public holidays in England. For instance, bank holidays in England and Wales, Ireland and the Channel islands are, Easter Monday, Whit-Monday, the first Monday in August and the first day after Christmas or Boxing day. Banks are also closed on Good Friday and Christmas day; stock exchanges are closed on bank holidays; customs houses and docks are also closed on bank holidays and the king's birthday, June 3, or when decreed. It appears that the banks are open on the king's birthday, because it is specially stated that customs houses and docks are celebrating the same holidays as the banks, with the addition of the king's birthday. The law offices close on Good Friday, Easter Monday and Tuesday, Whit-Monday, Christmas day and the first day after Christmas, that is Boxing day. There are really less holidays there than we have here at the present time.

I have another reason to offer. The statute of Westminster is a great step; but it is not as final for Canada as it has been for most of the other dominions, because of certain things which prevent complete nationhood, in spite of the fact that those obstacles are of our own will, are there because we want them to be there.

Mr. PELLETIER: Would the minister say that there has been any sort of agreement between the various provinces to request the enactment of this statute?

Mr. LAPOINTE (Quebec East): I have only five minutes left, and I may be presumptuous, but what I have to say is more important to me than giving the statement that my hon. friend would like me to make.

First, there is the right to amend our own constitution. This is the most important legislative work; it is our own charter; the conditions under which we act as legislatures here and in the provinces are still laid down at Westminster. This is by our own desire, because of our special conditions, but it is there. How can it be accepted in international law

that we are a fully sovereign nation when we have to resort to the parliament of another country to effect changes in our constitutional structure? This creates a situation which I hope to take the opportunity to deal with in connection with some important matters which will be debated this session concerning foreign affairs and various bills which are on the order paper.

In the second place, there are the privy council appeals. There, again, it is our own will; we can change it any time; we have the right to abolish appeals to the privy council, but we have not done so. Litigants from Canada must go to the mother country to get a final decision in Canadian cases. As the hon. member for St. Lawrence-St. George (Mr. Cahan) said last year, the sovereignty of Canada resides in the judicial committee.

There is another matter which has been discussed this session for a couple of hours, but which seems to be treated as futile, namely, the adoption of a distinctive Canadian flag. We cannot say that we have complete equality of status and full sovereignty until we have a Canadian flag. As far as I am concerned—I am speaking only for myself—I think the three matters I have mentioned will have to be dealt with and definitely solved before we can say that we are like the other dominions which have all done so. These dominions are as loyal as Canada, their people as loyal as any Canadians. But there are some people in Canada with the ideas of the hon. member for Broadview, who are afraid of asserting themselves, or to declare that they are full Canadian citizens.

This is not in any respect talking in favour of separation. I tell hon. members most sincerely and earnestly that I believe that the best way to keep the Dominion of Canada in the British commonwealth of nations—I hope to God it will always remain in the British commonwealth of nations—is to have a Canada free and equal in status in every respect. It is cooperation in freedom. And I repeat, none of those steps has led or will lead to separation.

I am pleased that my hon. friend has brought the matter up, in order that it might be discussed; it is an important subject. I do not suppose he expected that his bill would be accepted this session. His purpose must have been accomplished by having the matter discussed, and I suppose he will not insist on his bill being enacted this year.

[Mr. E. Lapointe.]

NATIONAL DEFENCE

CREATION OF DEFENCE PURCHASING BOARD TO ENTER INTO CONTRACTS FOR MUNITIONS, EQUIPMENT, MATERIALS AND SUPPLIES

The house resumed consideration of the motion of Mr. Mackenzie (Vancouver) that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to establish a defence purchasing board with exclusive power, subject to approval of the governor in council, to enter into all contracts for the purchase of munitions, equipment, materials and supplies required by the Department of National Defence in cases where the expenditure exceeds $5,000; to provide safeguards to assure that such munitions, equipment, materials and supplies shall be purchased at a reasonable cost to the government and without unreasonable profit to any manufacturer or supplier thereof; to provide that salaries, wages and other expenses of the board shall be payable out of moneys appropriated by parliament.

To authorize the governor in council to borrow such sums of money as may be required to pay expenditures of the Department of National Defence which are chargeable to capital account in the appropriations provided by parliament for the said department; and to provide a sinking fund sufficient to retire in ten years the said sums borrowed for capital expenditures of the said department, together with interest thereon at three per cent per annum.

Mr. H. C. GREEN (Vancouver South): This resolution which was being considered by the house before recess, plainly contemplates extensive private manufacture of armaments in Canada. For the sake of making that clear, I will read the first part of the resolution, which is as follows:

That it is expedient to introduce a measure to establish a defence purchasing board with exclusive power, subject to approval of the governor in council, to enter into all contracts for the purchase of munitions, equipment, materials and supplies required by the Department of National Defence in cases where the expenditure exceeds $5,000.

To me the most significant feature of the discussion which took place this afternoon was the announcement by the Prime Minister (Mr. Mackenzie King) and by the Minister of National Defence (Mr. Mackenzie) that the government have adopted a policy of restricting manufactures in dominion arsenals; in other words, that our arsenals are to make only certain ammunition of a type of which a continuous supply is required. This means—and I suggest that the house and the Canadian people should understand it clearly—that Canada is going much further in the private manufacture of armaments than the United Kindom or any of the other dominions. It means that our gov-

ernment have adopted a policy of relying almost exclusively on private firms for our armaments, contrary to the definite recommendation of our general staff as opposed to the recommendation of the deputy minister of national defence.

Mr. MACKENZIE KING: I regret to interrupt my hon. friend, but he said that I had made some statement. I made no reference to any policy respecting arsenals this afternoon.

Mr. GREEN: I think the Prime Minister will recollect he stated that he had discussed with the Minister of National Defence on numerous occasions the question whether or not Canada should manufacture her armaments in dominion arsenals or should have them manufactured by private companies with profits restricted.

Mr. MACKENZIE KING: I did discuss these matters with the minister; but I made no statement of policy this afternoon in regard to that.

Mr. GREEN: At any rate, the Minister of National Defence made a statement of policy.

Mr. MACKENZIE (Vancouver): I hate to interrupt my hon. friend, but I think I stated, at least I hope I conveyed the impression to my hon. friend that the policy I would like to see adopted is to extend the facilities of state manufacture as far as they are possibly practicable. I meant to convey that, all through my address.

Mr. GREEN: I am afraid the minister and his department wish one way and act another, because their actions certainly are in the other direction. As I have said, the government are doing this contrary to the recommendations of their own general staff. That was set out in the report in the Bren gun inquiry, where it is stated at page 10:

> The minister said that there were two very definite schools of thought in the department and that he assumed all responsibility. One school, he said, was headed by the then chief of general staff, and the other by the deputy minister, for both of whom he said he had equally great admiration.

I would point out that, under our law, the deputy minister is not a military official. He is a civil official. Yet his recommendation was taken over that of the chief of general staff, who is a military official. Then the report goes on:

> The minister said that General Ashton (the then chief of the general staff) was very insistent upon the development of government arsenals and that the former chief of general staff, General McNaughton, evolved a very comprehensive scheme for Valcartier which would include practically all the requirements of the Canadian forces.

Mr. GRAY: The minister said that to-day.

Mr. GREEN: And I am repeating it to-night. The government may be right in adopting this policy, but personally I do not think they are. I believe they are not looking far enough ahead, and I believe they have drifted into their policy as the easiest course to follow in the recent emergency, instead of taking a long-range view, instead of realizing that we are really just beginning this business of defending ourselves and that we shall require munitions and war equipment for many many years to come.

Australia has gone the other way. She has an arsenal policy, developed after the war—which is the time, incidentally, when Canada should have developed her defence policy. And the House of Commons might very well remember that during all those years the present Prime Minister was at the head of the Canadian government.

After the war Australia set out on an effective arsenal policy. The result is that she produces not only her own munitions, but also her own machine guns and rifles, and I believe she either produces or is able to produce her light artillery and anti-aircraft guns, and her 4·5 howitzers. Incidentally, she produces her own Bren guns.

Then, the Australian arsenals serve as pilot plants for private industry. They develop the processes required for manufacture which, if necessary, can be made available to private industry. They produce the tools, jigs, gauges and so on which are required by private industry for the production of armaments. They do research work and train key men for armament manufacture. Hon. members who are interested will find an excellent summary in the Canadian Defence Quarterly, volume 14, at page 288. It is an article entitled Australian Defence, written by the Hon. Sir Archdale Parkhill, Minister for Defence for Australia.

Mr. MACKENZIE (Vancouver): Not now.

Mr. GREEN: No, but he was at the time this was written. The question of munitions supply in Australia is discussed at page 296, and I should like to read the following paragraph which seems to sum up the situation:

> In time of war the government factories would be quite inadequate, but in peace time they serve as places where a technical staff can be trained, and in the course of that training it is arranged that the ordinary peace time requirements of munitions by the fighting services are produced. The factories are also organized as the centres from which manufacturing details would be circulated to the commercial industries should necessity require their conversion from their normal pursuits.

In Australia they have what I believe this house might very well consider establishing in Canada, namely what they call a munitions supply branch. I believe it is very much like the old munitions board of Canada. The summary sets out that the munitions supply branch, which to a great extent has been modeled after the old ministry of munitions in England, is administered by a board which has functions which I shall enumerate presently. I suggest the minister might get more efficient work from a munitions supply branch or a munitions board of this type than he will get from his proposed purchasing board. The functions of the Australian munitions supply branch, which is a part of the Department of Defence in Australia, are these:

(a) To manufacture and arrange for local production of armament, arms, ammunition, supplies and stores of all kinds as may be demanded by the fighting services.

(b) To provide facilities for scientific research and experiment, and the inspection and examination of munitions.

(c) The designing of factories, machines and tools for production in time of war and the making and checking of gauges for trade manufacture.

(d) The training of men in the manufacture of munitions for distribution as instructors and inspectors to the civil factories in time of war.

The summary goes on to explain about the different factories and organizations which the Australian government have. For instance, they have a clothing factory which makes uniforms not only for the armed forces but also for the postal and tramway employees. It also makes mail bags. I should not like to be considered as suggesting that this government should go into the business of making standard articles such as blankets, clothing and so on. I think all that work might very well be left to private firms. But in Australia we find that they have a commonwealth clothing factory. Then, they have a munitions factory, an explosives factory and an ordnance factory which, as I have stated, is capable of making guns up to 4·5 calibre. At page 299 of the Canadian Defence Quarterly we find that lately the ordnance factory has commenced the manufacture of three-inch anti-aircraft guns, with mountings, and that good progress is being made. It is stated that in the projectile factory every class of shot and shell up to eight inches in diameter is made, and the larger types of bombs are also being manufactured. Then, they have a small arms factory, and they provide for investigation into chemical defence, inspection services, and so on. Apparently this is an adequate munitions supply branch.

Mr. GRAY: Will the hon. member permit a question? Is he opposing the resolution of the minister?

Mr. GREEN: I think if the hon. member will keep his seat for a few moments, and will listen until I have finished my speech, he will find out what I am doing.

The manufacture of munitions has developed to such an extent in Australia that in 1937, at the imperial conference, the Right Hon. J. A. Lyons, Prime Minister, was able to report to the other dominions and to the United Kingdom the following, which appears at page 17 of the summary of proceedings of the conference:

The building up of the munitions supply organization had reached the stage that the government factories had developed the capacity for the production of the various types of the ordinary requirements of the army, navy and air force, and these resources were being further expanded. A survey of civil industry was also being carried out to determine the possibilities of capacity for production, and to prepare plans for mobilizing its resources in an emergency.

Just about a month ago a local Ottawa paper carried a news dispatch from Australia headed, "Australia near self-sufficiency in munitions manufacture." This is a dispatch from Melbourne, dated February 7, by Canadian Press and Reuters:

So great has been Australia's development of munitions supply that she is now nearing national self-sufficiency in munitions manufacture. The number of employees in munitions factories has been doubled in the last four years, though the actual number employed is not revealed.

And it goes on to set out the extent to which the Australian program has been developed.

So much for Australia. Now we turn to the United Kingdom where they have had such lengthy experience in the production of armaments. We find the position there to be much the same as it is in Australia. The minister will correct me if I am wrong in any of my information. I believe there are government arsenals at Woolwich and Enfield as well as many other government armament factories, some for example, in the depressed areas. All these factories are manufacturing armaments much in the same way as Australia, probably more or less in the capacity of pilot plants. This afternoon the minister quoted from the report of the royal commission on the private manufacture of and trading in arms which sat in Great Britain

in 1935 and 1936. I think it should be noted that the sixth recommendation by that commission is as follows:

We recommend that the government should assume complete responsibility for the arms industry in the United Kingdom and should organize and regulate the necessary collaboration between the government and private industry; that this responsibility should be exercised through a controlling body, presided over by a minister responsible to parliament, having executive powers in peace time and in war time, over all matters relating to the supply and manufacture of arms and munitions, costing and the authorization of orders from abroad.

The commission went on to make this further recommendation, which I submit applies to Canada just as much as to the United Kingdom:

We further recommend that the government's own manufacturing establishments should be fully equipped for the production in some measure of naval, military, and air armaments of all types.

I understand that South Africa is making similar provisions for the manufacture of armaments. All these sister nations use government arsenals as the basis of their plans for the providing of armaments. In Canada apparently the arsenal at Quebec is doing first-class work. The arsenal at Lindsay is not doing very much, my information being that it is only making brass plates for shell cases, but it is an arsenal which could be used for the production of many more articles than are being produced at the present time. Yet, in spite of all this, we actually have the government turning over machinery for the making of munitions to a private firm, as was done in connection with the Bren gun contract, and buying machinery for another private firm in the case of the Montreal company which is to make shells. This is just the reverse of what is being done in Great Britain and Australia. To date Canada has not gone very far with this restricted arsenal policy. For example, we have not yet manufactured any rifles, any anti-aircraft guns or any artillery. The minister will correct me if that is wrong.

Mr. MACKENZIE (Vancouver): Correct.

Mr. GREEN: Sooner or later we shall have to face the question of how we are going to obtain these armaments. I suggest to the government that before they proceed any further with the present policy they should reconsider the whole question. They should arrange to use the dominion arsenals as Australia and the United Kingdom have done. I do not believe the Canadian people approve reliance being placed exclusively upon private firms for our armaments, and I do not believe they will tolerate, let alone approve, armament rings and armament trusts, which are likely to spring up as a result of the government's policy. On the other hand, I have no doubt our people would be solidly behind a policy such as that adopted by Australia and the United Kingdom, even though this policy required in the beginning a heavier capital outlay than does the present policy; the government have at hand the means of raising the money under their new plan for financing capital expenditures for armaments on a ten year basis. I suggest that in dealing with this very important problem the government show a little more of the foresight and initiative and courage of the individual Canadian.

Mr. GRAY: I come back again to ask the hon. member for Vancouver South (Mr. Green)—

Mr. MANION: Put it on the order paper.

Mr. GRAY: I will ask him now. Is he opposed to the resolution of the minister?

Mr. GREEN: The hon. member can read my speech in the morning and he will see exactly what I am in favour of.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I should like to know from the minister who is to compose this new board. There is a rumour in the house that the former Minister of Labour, the Hon. Wesley Gordon, will be one of the members. He was a minister in the Bennett government. It is also rumoured that Mr. Tom Moore, the well known parasite here in the city of Ottawa, will be another member.

Mr. HEAPS: That is not fair.

Mr. POULIOT: I should like to know if there is any foundation in those rumours. There will be no partisanship in that, and I hope the minister will answer me later on. Mr. Wesley Gordon was dumb when he was Minister of Labour. Quite often when I asked him a question it did not seem that I was addressing the chair; it seemed as though I was addressing the desks because there was no answer.

Mr. MANION: I rise to a point of order. I do not like to interrupt my hon. friend because he is generally amusing even though he does not often enlighten the house. I do not think attacks on Wesley Gordon and Tom Moore have anything to do with the resolution before the house. I appeal to you, Mr. Speaker, to deal with the hon. member as you have with others, and make him keep to the subject before the house.

Mr. SPEAKER: I think the hon. member should be more careful.

Mr. POULIOT: Would the minister be kind enough to tell me if Wesley Gordon and Tom Moore are to be members of this board?

Mr. MACKENZIE (Vancouver): The minister is in no position to tell my hon. friend who are to be members on this board. I expressed a general principle this afternoon. I should be glad to see a board established which would command the confidence of all the Canadian people and in the appointment of which the hon. members of every party in this house would concur.

Mr. POULIOT: As I am a Canadian I warn the minister against falling on slippery ground by appointing those who are unworthy of the confidence of the government. That is my humble opinion. I am a Liberal to the core. I was born a Liberal, I am a Liberal, and I shall die a Liberal. But that does not prevent me from liking some Tories, although not all of them.

Mr. DOUGLAS (Weyburn): Has the hon. member no ambition?

Mr. POULIOT: And also some members of the Cooperative Commonwealth Federation, whose conversion I expect to see some day, as well as some of my hon. friends of the Social Credit party.

I am a Liberal. I believe in Liberal policies, having been taught Liberal policies when I was a child. I have always fought for Liberalism. At times I was alone in voting against the social policy of the last government. I was proud of that; and my electors supported me, and the speech that I am making now I can make anywhere in my constituency, anywhere in the province of Quebec, anywhere in Canada. I am sick of suffering the continuance of Tory policies. I am fed up with them. I am a Liberal to the core. Here, provided that any minister has the approval of any Tory, he is sure that he is on safe ground.

Mr. MANION: Hear, hear.

Mr. POULIOT: That is where he is mistaken. And now I am very doubtful if this legislation is a legitimate child. Who is the father? Is it Sir Thomas White, who was the patron saint of all profiteers during the war? Reference to him was made by the Minister of National Defence (Mr. Mackenzie) in his speech. Afterwards he quoted the former leader of the opposition; then he quoted the present leader of the opposition (Mr. Manion), and then the hon. member for Winnipeg North Centre (Mr. Woodsworth). He forgot the hon. member for Weyburn (Mr. Douglas), who corrected his forgetfulness by quoting his own paper. Who is the father? Is it Sir Thomas White? Is it Mr. Bennett the bachelor? Is it the present leader of the opposition? Is the leader of the Cooperative Commonwealth Federation the father? It is a most important measure.

Mr. LAWSON: Who is going to be charged as the putative father?

Mr. POULIOT: It is very hard to say, but what can be said is that the child is surely illegitimate.

An hon. MEMBER: Is it not more important to know about the mother?

Mr. POULIOT: Afterwards we had some explanation from my chief to the effect that the Minister of National Defence had suggested to him that he did not want any contractual aspect of the Department of National Defence to be under himself, but that it should be under the Minister of Finance (Mr. Dunning). I am in full sympathy with the Minister of National Defence. He is my friend, and when everybody had a long face, at the time of the discussion of the Bren contract, I tried to crank the old Ford of the House of Commons to make it a little more snappy and to chase neurasthenia from the minds of my friends.

Mr. CASSELMAN: Did the hon. member succeed?

Mr. POULIOT: I tried to help the best I could. But now I think of the late famous Japanese general, General Oku, when he committed hara-kiri.

An hon. MEMBER: What is that?

Mr. POULIOT: Of course the minister of a department is the head of the department; but I fear that in this case, to quote Roman law, there is not a decapitation but there is a *diminutio capitis,* a reduction of head. This is not at all subtle. In fact, in the Department of National Defence there are two things. There is on the one hand the army, navy and air force; afterwards there are the supplies for the army, the tripartite army, consisting of army, navy and air force, and those supplies are of two kinds. There are, first, what we may call clothes, food and so on; and then there are the munitions. All contracts concerning the fabrication of armaments are transferred to the Department of Finance.

According to this resolution a new board will be created, and I strongly object to the

creation of that board. I find it absurd. And I find it absurd because I am a good Liberal and because I have always fought the battles of the Liberal party. For me the Minister of National Defence is a good minister. I consider him so. I believe in him, and I want him to continue to act as Minister of National Defence. I say that as one of two hundred and forty-five members, expressing my own views. He is the victim of one of the worst intrigues of bureaucracy that I have ever witnessed.

Of course all the speeches that have been delivered by the hon. gentlemen who have spoken this afternoon and this evening were most interesting, but not one was to the point. You find that extraordinary, Mr. Speaker. But if hon. gentlemen will read *Hansard* of February 13, not for the speeches themselves but for the evidence, they will see that the cause of all this fuss is the fact that there was an incompetent individual in the Department of National Defence. Just because he belongs to the Rideau club, belongs to a highly respectable family of Ottawa, and has fine connections and relations, he will keep his job there; and instead of his being replaced by a competent man, a new organism is created at great cost just to do the work that that man should have done. I will not name him; it would give him too much importance. I do not think one should fire a 15-inch gun at a fly or a firefly; a puff is sufficient. But the evidence is there. It was put on *Hansard;* although it is always dull to read the reports of a committee, it was put there just to prove an evident fact, just to prove a thing that one sees very well, that it is dark at night, that it is bright in the daytime. It is there in the first pages of *Hansard* of February 13.

Then, to summarize the little speech that my distinguished leader made this afternoon, it was not, as the leader of the opposition (Mr. Manion) said, as a result of the Bren discussion in the house that we have now to discuss this measure, but it was precisely on account of the report of Judge Davis, which was forwarded to council before we had it in the house. This is exactly the recommendation that has been made by Judge Davis. I am ready to support any policy which is enacted by the government that I have been standing with all the time and that I still stand with. But I will never vote for any so-called Liberal policy which is drafted by a Tory judge. That is all there is to it.

Mr. GRAY: The minister has already recommended it.

Mr. POULIOT: Now, Mr. Speaker, there was an interdepartmental committee for the purchase of munitions. It was headed by whom? It was headed by Doctor Oscar D. Skelton, under-secretary of state for external affairs, the champion of the League of Nations —buying armaments for the defence of our country. Can you imagine anything more ridiculous, Mr. Speaker—Doctor Oscar D. Skelton, champion of the League of Nations, purchasing armaments for the defence of our country! He was the head man. He was surrounded by others, who are not bad men, but very few of them were lawyers. They had to pass on contracts, and so well was their work done that on the thirty-second day of the Bren gun investigation Judge Davis wondered who had drafted that particular contract. Because the committee had made no progress for months they had to work one night for the very first time, to settle the contract. I refer you, Mr. Speaker, to page 846 of *Hansard* for what the judge said.

Now there is Tom Moore who is out of a job. He is well known as a parasite, a man who has put in his pocket $13,813 paid to him by this country when he had not worked at all. He was on the unemployment insurance commission, and he had absolutely nothing to do at the time, for the legislation was being appealed before the privy council. Now he calls himself a dominion public servant. I do not want him on this board, sir, and I so notify the minister.

With regard to Mr. Wesley Gordon I will say nothing more than that there will be a revolt in the province of Quebec and throughout Canada if he is appointed because he was not competent as Minister of Labour. It may be a policy of appeasement of my Conservative friends in this house to say: We will appoint an important Conservative to the board. But I believe, Mr. Speaker, that there are good men among the Liberals, and it will be an insult to each one of them to select Tories when we have to award contracts. Is it impossible to find four just men in the Liberal party who are qualified to be appointed to that board? Is it necessary to cater to the official opposition and the other groups in this house? If the government have something to do, let them do it boldly and they will meet with the approval of the country.

I want the Minister of National Defence (Mr. Mackenzie) to stand up like a man and defend his own department, and not let it be carved up as our constituencies were carved up by the late administration. I want him to remain minister in full charge of his department. He has nothing to turn over to the

Minister of Finance (Mr. Dunning). I do not blame the Minister of Finance for this, but there again I see the nigger in the woodpile—these people who want to hold all the strings of government in the Department of Finance. In England the thing has been refused by the British House of Commons. Here the Department of Finance has complete control over the expenditures of every department, and now they are taking from the hands of the Minister of National Defence the absolute right which he has to award contracts for munitions which will be used by the soldiers, sailors and airmen under the minister's control. I strongly object to that. It is a master intrigue, Mr. Speaker, which has been catered to by Doctor Skelton, Tom Moore and others I could name, for instance, Mr. Clark of the Department of Finance, et cetera. I see some members who think of rising and saying that these men are not in this house; but they are our servants, and we are here to discuss their actions. I see bureaucracy there. In the United States they have a committee now studying the menace of bureaucracy which is the worst threat to democracy. They feel that in the United States, just as we feel it here. At the present time the civil servants, most of them, have no respect for their ministers, and why? Because they are paid, not under the authority of their own minister but under the authority of the Minister of Finance. That should stop. In the name of Liberalism there must be an end to it.

Of course there may be some Conservative members listening to me at the present time who may not agree with me, but they know that no one can pull a hair from my head here in this House of Commons. I have been battling for the Liberal party all the time; and even when I did not listen to the orders I received from my leaders to stop or shut up, it was for their own good, for their own defence. When I fought alone against the nefarious social legislation of the Bennett government, it was to keep the home fires burning in the province of Quebec. Fifteen days before the election I went to Toronto, the holy city of Toronto, where I told my audience that sixty Liberals would be elected out of sixty-five seats in the province of Quebec, and that message was carried to the homes of the whole population of Ontario by the *Telegram* as well as the *Globe*, by the *Mail* as well as by the *Star*.

The Liberal party is an entity. I believe in Liberalism, and if at times I use strong words in reply to my friends opposite to my right, it is not because I lack Christian charity, but because I do not believe in their doctrines. They do not sit here as citizens but as members of parliament representing certain doctrines, certain ideas, with which I do not agree. If I can help them personally at any time I shall be glad to do so, but they shall always find me in their way fighting to the last ditch any of their doctrines that I consider pernicious and find to be all wrong.

My great grandfather was a humble merchant who was one of those who in 1834 voted for the ninety-two resolutions in the Quebec legislative assembly. He was one of those who believed in the same doctrines as William Lyon Mackenzie, the grandfather of my chief. I believe in responsible government, Mr. Speaker. The Minister of National Defence knows that I am his friend, and I want him to present the estimates of his department as the chief and head of his own department.

I want him to withdraw this legislation and to get rid of the thirty or forty employees of the Department of Finance who are a pest in his own department. I want him not to present this legislation to the house. Mark you, that does not mean that I am in favour of big profits on armaments, but I want the minister to have control himself and to be given a free hand, and he is at liberty to kick out of his department some of the incompetent men who cast an undeserved slur upon him.

Those, Mr. Speaker, are the views of a Liberal from below Quebec, and you also represent a constituency below Quebec. I do not want to be misunderstood. If Mr. Chamberlain found a policy of appeasement to be the right thing, I find it all wrong. Either our policies are good or they are bad. Even if they are very good we could expect the opposition to criticize them.

Mr. MANION: No, never.

Mr. POULIOT: In theory they may deny it, but in practice, Mr. Speaker, you will see that that is done. If our policy is wrong, let us withdraw it; but if our policy is good, let us go ahead with it. That is my humble view. Then, if you do not satisfy the interests of our friends by giving them plums and large contracts, at least the members of the Liberal party will satisfy the minds and expectations of our friends, and the Canadian people will understand then that the Liberal party is true to its mission of defending the rights of the people against the rights of monopolies. I regard it as an insult and I protest in the name of the Minister of National Defence,

who knows I am one of his best friends in this house, against the dismemberment of his department. He is a worthy minister. Let him keep his department as a whole and let him administer it with the good men he has in it, provided that he has, I will not say the courage—I know that he has—but the freedom to kick out those who are unworthy to be there and who, because they are incompetent, expose the lives of our children and others, in case of attack on this country.

I heard the hon. member for Weyburn (Mr. Douglas) speak of the integrity of the personnel of the interdepartmental committee. I do not discuss their honesty; I give them the benefit of the doubt. But some are incompetent. There, sir, you have the whole story. Now I appeal to my hon. friend the minister. I ask him to reconsider what he said the other day when he urged us all to support this procedure. I for one cannot. I ask him not to insist upon it but to speak again to the Prime Minister and to say to him, "I was weak the other day when I suggested to you, sir, to allow one important part of my department to go to the Department of Finance. I was wrong, and I have changed my mind after due reflection. Now, sir, it is in the interests of the country for me to keep the department as it is at present." The Prime Minister would understand, surely, and it would be for the good of the government and for the good of the department as well.

Here in the service, sir, it is my experience that when a man is incompetent he may get a promotion, but he is sure never to be troubled. And here in this house, if I say there is an incompetent man somewhere, I shall be told that he is my bête noire, that I am after him; or I shall be told that he is not here. It is most ridiculous. We are here to discuss the value of the men in the public service who are in charge of important positions. If they are competent, all right; but if they are incompetent, then I say "Get rid of them," and the sooner the better—the better government we shall have. Otherwise this country will be a democracy only in name; in fact, it will be a country in which there exists the dictatorship of bureaucracy. I hope these warnings that have been given for the good of the minister, for the good of the government, and to express the feelings of all in my province and in Canada at large, will be heard and heeded.

Mr. T. L. CHURCH (Broadview): I hope that now the minister has decided upon a board, he will meet with the same success which has attended the activities of the British munitions board. I have here a summary of their report as given by the manager of the commission, Colonel Carnegie.

I fear a shortage of power if an emergency overtakes this country. As you are aware, Mr. Speaker, in 1917 there was a shortage of coal in Canada, and we also found ourselves faced with a shortage of hydro power owing to the fact that Ontario was supplying export power to other points and the huge demands for munitions. At one period of the war, in 1917, as this Carnegie book of the history of Canadian munitions shows, Ontario was manufacturing forty per cent of the total shells supplied to the British forces. She was able to do this largely on account of the huge power she had from the Hydro commission, but the demand for power was acute.

The debates that have been going on for a month or so now may, after all, prove to have served a most useful purpose. There were similar debates in Great Britain during the early days of the war and we had them here too. It brought about here a demand for reforms.

There are a few things which I should like to bring to the attention of the minister. The resolution declares that it is expedient to introduce a measure to establish a defence purchasing board with exclusive power, subject to approval of the governor in council, to enter into all contracts for the purchase of munitions and so forth in cases where the expenditure exceeds $5,000. In my opinion it would be better for the new board to assume complete control, with the necessary safeguards, over contracts amounting to more than $200, not only over those of more than $5,000. That was more or less the policy during the war, and competitive bids were called for those up to $200. Over that there would be a straight contract under the board.

I hope that the minister will see to it that everyone who wishes to have his plant surveyed will be given that opportunity. Prior to the war the Baldwin interests had a granite sets plant in Toronto at Ashbridge bay. In the early days of the war tariff changes were made which handicapped it, and it was at last turned into one of the largest munition factories in the empire. It was under the control of the British munitions board. The first shipment of shells, only a few, was made in December, 1914, and in 1915, on the institution of a new policy of the British munitions board, production went ahead by leaps and bounds. The late Mr. Fred Miller, a great

patriot, was connected with the plant in an honorary way, as was also Mr. E. L. Cousins, manager of the harbour board. As I say, it was one of the largest munitions establishments in the British empire and it did very well.

I wish this new board every success, and I do not believe that the discussion which has taken place in this house, and which, after all, led to and was responsible for a board, will do any harm, because it will be an intimation to the manufacturers of Canada that they must be up and doing. The *Economist* of London, England, has had some pertinent remarks to make with regard to the question of home defence. I quote:

It is not merely with reluctance, but with repugnance that most citizens acquiesce in rearmament. There is one aspect of the matter, however, to which these feelings need not so fully apply. The army, the navy, and the air force are each of them necessarily concerned with the taking of life and the destruction of wealth. But there is a fourth arm, home defence, which, though it costs money which can ill be spared, is at least concerned exclusively with protection and preservation. Home defence, moreover, has a peculiar urgency for Great Britain, for in many ways we are one of the most vulnerable of European nations. It is more difficult for us than for others either to protect our population from air raids or to ensure that they are supplied with food.

I trust that the new organization which is to be set up will follow the principles and great record that guided the British munitions board in Canada during the great war. When the war broke out Canada did not have a single plant to make shells, but by the co-operation of manufacturers, of labour and of a large number of key men who served voluntarily and without pay, a glorious record was made by Canada, and I wish the minister's new board equal success.

Iron and steel are the principal ingredients in modern armaments. Let me read two paragraphs from the report by the imperial munitions board of what Canada did; and I hope this new board will be able to parallel those achievements. In the report issued by the British war cabinet for the year 1917 it was stated:

Canada's contribution during the last year has been striking. Fifteen per cent of total expenditure of the ministry of munitions in the last six months of the year was incurred in that country. She has manufactured nearly every type of shell from 18 pounder to 9·2 inch. In the case of the 18 pounder no less than 55 per cent of the output of shrapnel shells in the last six months came from Canada, and most of these were complete rounds of ammunition. . . . Canada also contributed 42 per cent of the total 4·5 inch shells, 27 per cent of the 6 inch shells, 20 per cent of the 8 inch and 16 per cent of the 9·2 inch.

[Mr. Church.]

The following figures give some idea of what Canada accomplished in the production of munitions of war:

1914	$ 28,164
1915	57,213,688
1916	296,505,257
1917	388,213,553
1918	260,711,751

The report continues:

The effect of the establishment of the munitions industry in Canada in increasing iron and steel production is also observable in the statistics of manufactures. In 1915 the iron and steel products industry of Canada produced commodities to the value of $120,422,420, while in 1917 its products were valued at $400,385,086, and in 1918 at $443,455,779. The chemical and allied products industry was also greatly stimulated by the war. Commodities to a gross value of $45,410,486 were produced by this industry in 1915 while in 1917 the gross value increased to $133,618,658 and in 1918 the gross products were valued at $173,649,073.

That is the glorious record of this dominion, considering it had at the beginning no factories and no industry to manufacture shells.

The manager of the British munitions board in Canada was David Carnegie, C.B.E., formerly member and ordnance adviser, shell committee, and imperial munitions board, Ottawa. He has given an account of the history of munition supplies in Canada, and I hope the new board will follow the great example in business administration which that board gave.

The former Prime Minister of Great Britain, Right Hon. David Lloyd George, shows what Canada has done. He says:

Though the material required could not then be produced in Canada, for, it must be remembered, no private manufacturer had ever made a shell in that country and the output of the only arsenal need not be considered, the Canadian manufacturers, under the initiative and leadership of the Minister of Militia, produced these munitions.

Then the account goes on to refer to the fact that the contract was for 220,000 shells a week but owing to the organization of the board they produced 400,000 18-inch shrapnel shells, twice the number called for in the contract.

Mr. Winston Churchill at the conclusion of the war wrote a letter of congratulation to the board for the great work it had done.

Then the United States came into the war, and it was fortunate for that country that Canada had the British munitions board. Let me read just two paragraphs concerning that:

In the autumn of 1917, after the government of the United States entered the war, negotiations were opened between the officials of the United States ordnance department and the Imperial Munitions Board, with a view to placing at the disposal of the United States the surplus forgings and machining capacity which had been developed in Canada.

At the time in question Canada had a shell-forging and machining capacity for 18 pounder shells of 400,000 per week, and had actually shipped overseas 32,000,000 of these shells. This remarkable development had taken three years' hard work and organization, but now was not fully required by the British government, who had increased her manufacturing capacity in Great Britain. The actual requirements of the British government from Canada amounted to 150,000 to 200,000 per week, leaving an unused capacity of 200,000 to 250,000. It was this latter capacity the Imperial Munitions Board on behalf of the manufacturers of Canada, and in the interest of the Allies, placed at the disposal of the United States government. The proposal was opportune, as at the time the United States were making desperate efforts to organize for the production of the 75 mm. high explosive shells. This shell was about the same size as the British 18 pounder shells. It was therefore with the object of assisting the United States ordnance department in carrying out its munitions program that negotiations were begun.

So we see what was done in Canada by all the parties uniting in harmony. I hope that the new board will go to work and that not only shall we get orders from our own defence department for home defence but that Canada will have a large share of the munition orders of the mother country in her rearmament, because we are not getting it now. In addition, I hope that advancement will be made all along the line and that Canada will be making the record for itself which it made in the late war.

Motion (Mr. Mackenzie, Vancouver) agreed to and the house went into committee, Sir Eugène Fiset in the chair.

Mr. MANION: I wish to ask a few questions. I asked about the personnel. I assume from his reply that the minister does not know who the personnel will be.

Mr. MACKENZIE (Vancouver): Not in the least.

Mr. MANION: Is there not a defence council in the minister's department? What connection will the defence purchasing board, when appointed, have with the defence council?

Mr. MACKENZIE (Vancouver): There is a defence council in the department consisting of the senior ranking officers in the three services: the chief of the general staff, the chief of the naval staff, the chief of the air staff, the adjutant general, the master general of the ordnance, the judge advocate general, the deputy minister and the minister.

As far as I can recollect from the terms of the legislation, there will be no connection whatsoever except that in the first place I would think the requisitions would come from the members of the defence council. My hon. friend is probably aware that there are full meetings of the defence council; there are meetings of the military members of the council; in recent months there has been formed an air council in the department of air services, and they meet by themselves to consider problems relating essentially to that branch of the service. But in regard to the general requirements of the Department of National Defence, they would make the representations through the minister to the purchasing board, and the purchasing board will probably review the entire requirements of all services and make recommendations in turn to the Minister of Finance who will bring them before the council.

Mr. MANION: That is why I asked the minister in regard to the personnel. I am concerned not so much regarding their names as regarding their occupations. I remember in the remarks I made to which he referred this afternoon and to which I also referred, I had suggested—it was merely a suggestion—that perhaps the board which would handle the purchases of munitions and armaments might be made up of, I think I put first the militia, naturally someone from the army, then a manufacturer, then a representative of labour, and some others. I mentioned those as an example. After all, if the defence purchasing board is merely a group of business men with possibly labour representation—and I think there should be labour representation—that board would naturally not know the needs of defence in Canada. They are not military men, any more than my hon. friend and I are military men. Therefore there will have to be some liaison between the defence purchasing board and the defence council.

A suggestion has been made to me by a military man for whom I have a great deal of respect, but who is not and never has been in any way associated with the Department of National Defence. This suggestion, which I believe is worthy of consideration, is that there should be a committee of the House of Commons and the Senate—an advisory committee, if you wish—made up of eight or ten persons who could hold discussion in camera, if necessary, with the defence council and with the defence purchasing board. They could discuss the needs of the Department of National Defence, the method of obtaining requirements and other matters relating to the defence of the country. I do not know whether or not this is the best place to discuss the matter; probably I should have waited until the defence estimates were before the committee of supply, but it seemed to me

that the subject fitted in here just as well as anywhere. If I speak now, it will not be necessary to do so later on.

Mr. MACKENZIE (Vancouver): Perhaps it might be said more properly when the bill is before the house.

Mr. MANION: Perhaps so.

Mr. MACKENZIE (Vancouver): But I have no objection to the statement being made now.

Mr. MANION: The suggestion was made that it might be expected that questions would be asked in regard to the spending of money for the defence of Canada by the Department of National Defence, and that replies would be made by the Minister of National Defence or by the Prime Minister to the effect that it is not considered in the public interest to give the information asked. I can understand how that would happen. It seems to me there should be some group, composed of members of the House of Commons and the Senate, who could discuss these matters in camera, and possibly act as a sort of liaison between the two houses and the Department of Defence. This is a suggestion which I believe is worthy of consideration.

The question of defence is a big problem in Canada to-day, particularly in view of the world situation. The expenditure of $63,000,000 for armaments and munitions is very important to the Dominion of Canada, and I suggest it should be made to the best possible advantage.

I should like to ask the minister one or two further questions. Did the minister say there would be three on the defence purchasing board?

Mr. MACKENZIE (Vancouver): Four, altogether; the chairman would be a permanent official, and the other three would be temporary.

Mr. MANION: One further question: Did he say the chairman would be paid a salary, and the others would receive merely expenses?

Mr. MACKENZIE (Vancouver): Yes, the chairman would be paid a salary, and the others would be allowed per diem expenses and allowances for the time they may be called in to advise on specific contracts. The hon. member will readily realize there might be a difficult legal contract to be drawn up. It might be that a commercial lawyer would be called in—or an accountant, as the case may be, depending on the qualifications of the temporary personnel.

[Mr. Manion.]

Mr. LANDERYOU: Will the money be borrowed from private money lenders, the same as was done in the last war? Is that the intention?

Mr. MACKENZIE (Vancouver): Does the hon. member refer to the financial provisions necessary to look after the operations of the board?

Mr. LANDERYOU: Yes. The resolution uses this expression, "To authorize the governor in council to borrow such sums of money" and so on. Who will they borrow from—from what source?

Mr. MACKENZIE (Vancouver): I would say, from the very best sources available.

Mr. LANDERYOU: The amount involved this year would possibly be somewhere in the neighbourhood of $60,000,000? Could the minister give the committee any figure as to the amount that might have to be borrowed this year?

Mr. MACKENZIE (Vancouver): I think the estimates for this year will speak for themselves. The total vote is for something more than $63,000,000, of which amount $3,000,000 is required for the financing of the capital expenditures. If my memory is correct, $29,000,000 of the $60,000,000 is taken from capital expenditure, and the balance from ordinary revenue. The differentiation is based on the durable value of the implements or supplies.

Mr. LANDERYOU: If war broke out, considerably more money would have to be borrowed?

Mr. MACKENZIE (Vancouver): Oh, yes.

Mr. LANDERYOU: It could not be taken out of revenue. That would simply mean that this sinking fund provision would have to be increased tremendously.

Mr. MACKENZIE (Vancouver): May I tell my hon. friend that if war broke out, entirely new and drastic financial provisions would have to be made overnight.

Mr. LANDERYOU: I would hope that would be the case, because the experience we had in the last war would indicate that such procedure would be necessary. The first paragraph of the resolution contains the expression "to provide safeguards to assure that such munitions, equipment, materials and supplies shall be purchased at a reasonable cost to the government and without unreasonable profit to any manufacturer or supplier thereof." With that thought I am absolutely

in accord. It is not those who labour in the production of war materials who make the profits. It is not necessarily those who supply the raw materials who make the profits. It is not particularly those who control the industries who make such large profits. I believe our experience in the last war would indicate that it was those who financed the war who made the tremendous profits or, in other words, those who have been described as the men who stand behind the men behind the guns—that is, those who financed the whole thing. They are the ones who derived the profit.

We are informed that the last war cost between 250 billion and 400 billion dollars. The cost of the war to Canada has been estimated in the neighbourhood of one billion seven hundred million dollars. I know that the debt of Canada rose from about $360,000,000 in 1914 to about three billion dollars when the war was over. We have been paying interest on that sum ever since—interest amounting to as much as we originally borrowed. And still we owe the amount we originally borrowed to finance the war. So I say that if we go to those private moneylenders to get money to carry on Canada's national defence, we shall be creating a practically intolerable situation in Canada. We shall be raising the debt and taxes tremendously.

May I make a suggestion to the Minister of National Defence? I would suggest that he have erected a very large Neon sign which could be seen at night when illuminated, and also during the day, and that on that sign he would have the debt of Canada, private, municipal, provincial, and federal. I would suggest that he have, too, the number of Canadians unemployed and living on the verge of starvation. I would suggest that he put on the sign the number of homes lost through taxes and mortgage foreclosures. If that were done, I suggest any invasion of the country would be stopped immediately. If an enemy could see a big sign showing the terrible mess the country is in, the debts we owe—privately, municipally, provincially and federally—it would hesitate to take over a country in such condition. I believe such a sign would be more valuable than the guns the minister has placed on the west coast. He would simply be advertising the terrible financial mess the country is in, and enemies would hesitate to take it over and, as it were, pay the shot. Of course we know that, ten chances to one, if an enemy did take the country over, it would never attempt to pay the debt. And so we would be fighting, and fighting hard, to keep somebody from getting in here who would free us from financial bondage. We fight for the privilege of paying this intolerable burden of debt and taxation.

I hope the minister will adopt my suggestion and have the sign erected as quickly as possible, and at the least possible expense.

Mr. BRADETTE: What a dramatic joke!

Mr. DOUGLAS (Weyburn): It seemed to me this afternoon that the minister, in a lengthy speech, in an able manner weighed pro and con the policies of state manufacture and private manufacture. He went into the subject elaborately, and placed upon *Hansard* a great deal of valuable data, which I think most of us want to go over before we can be prepared to say much about it.

It seems to me as though the government has definitely set its feet toward private manufacture as opposed to state manufacture. I wonder if the minister could tell the committee—if he has not this information now perhaps he will have it when the bill comes down—how much has been spent in the last few years by the Department of National Defence in the way of capital expenditures to provide machinery to be installed in the plants of private manufacturers, the machinery to belong to the government if, later on, it is decided to go into state manufacture.

Mr. MACKENZIE (Vancouver): I could not give the information immediately, but I shall endeavour to have it when the bill is in committee. As far as I know, there are only two plants in which machinery has been installed, the two which were mentioned in the debate last week. My hon. friend does not refer to the expansion of the government arsenals; he refers only to private companies?

Mr. DOUGLAS (Weyburn): Yes.

Mr. MACKENZIE (Vancouver): I shall have the information when the bill is in committee.

Mr. MARSHALL: The resolution refers to unreasonable profits. Will any limit be set on the profits that may be made in the manufacture of munitions? For instance, we were told that in connection with the Bren gun contract a ten per cent profit was allowed.

Mr. MACKENZIE (Vancouver): The profit allowed here is five per cent. As a matter of fact, according to the evidence given, the profit under the Bren gun contract is 7·76 per cent.

Mr. PELLETIER: The press dispatches in to-day's newspapers state that there seems to be a decrease in the tension in Europe and

that the clouds of war which were hovering over Europe a short time ago appear to be dispelled. I was just wondering if the work to be undertaken in connection with national defence would be such that it could not be discontinued in the event of more peaceful times coming to the world. In setting up a board of this kind I should like to know whether it is to be of a permanent nature. They are even talking of possible disarmament conferences and new limitations being placed upon armaments that might be required. There seems to be some hope that countries will not have to carry on with their armament programs. In setting up a board of this kind the government must have some definite information that the situation will be precarious for many years to come. I submit it would be illogical to set up this board for a year or some other short period of time. We are being asked to vote some $65,000,000 for purposes of defence, and I should like to know what would happen in the event of the situation in Europe becoming less tense, and there being no further danger to this country. Will the government then drop all these armament projects or will it be compelled to continue with the work it has undertaken? During the last number of years the government has spent millions of dollars to build up defences which we are told are obsolete to-day. I ask the government to give some indication of what is feared in the future and what its attitude will be concerning the continuation of a program of this kind in the event of the war clouds over Europe disappearing.

Mr. MACKENZIE (Vancouver): Obviously the questions asked by my hon. friend are such as are not capable of being answered specifically. Naturally the attitude of any government in Canada would be guided largely by the conditions which might prevail in the world. There is nothing in the constitution of this board to make it of an absolutely permanent nature. What we are trying to do is to provide an efficient system, in connection with even small purchases, with the requirements of the Department of National Defence.

Mr. HEAPS: When the minister was speaking this afternoon, I asked what would be the status of the interdepartmental committee when this board was appointed. Will that committee still function?

Mr. MACKENZIE (Vancouver): That will be fully disclosed by the text of the bill. I would say, however, that the interdepartmental committee which has rendered such excellent service to the country in the last two years would be no longer required for this particular purpose. As a matter of fact, under the bill to be introduced, this board will have authority to deal not only with contracts, as I explained this afternoon, but to review all existing contracts which have been let under the old system and to report thereon to the government.

Mr. HEAPS: In a sense this new set-up will be a replacement of the interdepartmental committee which has been functioning up to the present time. As the minister said this afternoon, a great deal will depend upon the personnel of the new board. Am I asking too much when I inquire whether the powers of the new board will be of an absolute nature, or will its work be subject to review by this parliament?

Mr. MACKENZIE (Vancouver): The work of any board is subject to review by this parliament. We could not take away from parliament the right to review the work of any board. I think it would be more convenient if my hon. friend would wait until he sees the actual sections of the bill, which are self-explanatory in regard to the questions he has just asked. I may say, however, that this is to be an independent board to supervise the purchases by the department.

Mr. SPENCE: How can it be an independent board if, as has been suggested by some one, there is to be on it a representative of labour and representatives of other classes? We should have on this board men of the highest integrity, men with good business training and with sufficient ability to carry out the work successfully.

Mr. MACKENZIE (Vancouver): I can promise my hon. friend that we shall do our utmost to carry out his suggestion in that regard. I think it is advisable, as far as possible, to have the various occupations represented in the make-up of the board. We might need an accountant; we might need a trained legal man; we might need a representative of labour, as was suggested by the commissioner. Of necessity, no decision has been made as yet in regard to these occupational qualifications.

Resolution reported, read the second time and concurred in. Mr. Mackenzie (Vancouver) thereupon moved for leave to introduce Bill No. 38, to establish a defence purchasing board.

Motion agreed to and bill read the first time.

PENSION ACT

ABOLITION OF PENSION APPEAL COURT AND EXTENSION OF TIME FOR PENSION APPLICATIONS

The house resumed from Thursday, March 9, consideration of the motion of Mr. Power for the second reading of Bill No. 6, to amend the Pension Act.

Mr. C. G. MacNEIL (Vancouver North): Before the bill passes its second reading, I have a few observations to make. I wish to associate myself very warmly with the remarks made last evening by the hon. member for Vancouver South (Mr. Green). I am not in opposition to the bill. I think the minister is to be commended for proposing to abolish the pension appeal court and to set forward the date for receipt of applications for pensions.

I think, before the bill passes second reading, the minister should take an opportunity to explain to the house his attitude with regard to several important proposals which have been made to him by organized ex-service men in connection with pensions. An honest endeavour was made earlier in this parliament to recast as it were the Pension Act and to bring all pension matters to a stage of finality. Since that time we have experienced various problems; we have encountered several anomalies in the act; and I think that on this occasion, when he is introducing an amending bill, a further effort should be made to bring to a stage of finality these important problems with regard to which the minister has received recommendations.

I do not wish my remarks to be construed as opposition to the bill introduced by the minister, but this is the only opportunity we shall have to point out its inadequacies and to invite him to make a pronouncement with regard to several matters which should be dealt with at this time.

I am of the opinion that a bill of this kind should be referred to a special committee of the house. There are several important and valid reasons why it should be dealt with by a special committee. This matter of pensions should be considered with relation to the general problem. If it becomes possible to deal with small groups under the Pension Act without violating the principles of that act, that, I think, should be done with relation to existing problems among ex-service men. The question of pensions is a subject of a highly technical nature, and can be discussed more readily and with more facility in a special committee. A committee provides a useful forum for the receipt of recommendations and the discussion of them without detaining or unduly occupying the time of the house. Furthermore, it is important with regard to the pensions question, with the experience we now have, that we should bring this matter, as I have said before, to the stage of finality.

I think it is important that the minister should make a pronouncement at this time with regard to the claim of non-pensioned widows. This matter has received considerable attention in recent months, and certain classifications of those widows have a strong claim upon the government and upon this country. I believe a strong case can be made for those widows of ex-service men who until the time of death were in receipt of pensions. Those women up to the time of their husbands' deaths were in receipt of the additional pension. They were in a sense assured up to the time of death of an income in respect of the disability incurred during service. Because it cannot be definitely established that the man's death was due to a pensionable disability, they are cut off with, perhaps, only a month's allowance. I think consideration should be given to those in that classification who are in destitute circumstances, who were in receipt of the additional pension until the time of death of their husbands and that some form of allowance on the basis of need should be extended to those widows to enable them to adjust themselves to a new mode of life. After all, if they are in destitute circumstances they must apply for relief, either for mothers' allowance or some other form of aid, to the provincial or civic authority, and usually the federal government contributes a large proportion of the assistance extended to them. I think they have a just and proper claim upon the federal government. There would be no great expenditure involved. As far as I can ascertain by an examination of the departmental figures, not a very large number are involved in that classification, and I believe that at this stage the government would be well advised in moving forward to a sympathetic consideration of this classification.

With regard to the other classifications, I think some of them at least might be placed on the same basis as the widows of those who were in receipt of war veterans' allowance at the time of death, and who at the present time receive the allowance for the continued period of twelve months. Much could be said in this regard. I am confident that already, because of representations made to him, the minister must have given the matter careful attention.

Perhaps I should refer to these cases where there is doubt, the borderline cases

where it may be contended strongly that the pensionable disability was a contributing factor to death. I have under my hand a copy of a decision made by the pension appeal court which I think illustrates the point I am discussing at the moment, where a man had established entitlement to pension, where he was admitted to hospital because he required operative treatment—he was pensionable for a chest condition—and as a result of the administration of a general anaesthetic he developed bronchial pneumonia and death ensued within a few days. In this particular case the appeal court went to considerable trouble to question the former decision rendered by the pension commission with regard to entitlement. The deceased officer in question happened to have had service in the British forces. It was shown in the concluding paragraph of the judgment that there was doubt, even in the minds of the members of the pension appeal court who signed the judgment, and by the way, the case was appealed by the crown. The court felt that a further claim should be made and that it might be possible in their opinion to consider fresh evidence with regard to entitlement. I feel that cases of this kind should be again reviewed, under the new and amended legislation, by the pension commission. I think that in cases such as this a powerful contention may be made for some form of allowance to the widow who is not now pensionable and because a reasonable doubt exists that the pensionable disability was a contributing factor to death. In this case the widow had some assurance that because of her husband's disability she would receive some form of income from the state with respect to that disability. Certainly in many of these cases the widow during her husband's life gave the best years of her own life in administering to his comfort and need when the man was handicapped by his war disability.

I wish again to stress the necessity of amending the legislation dealing with the needs of those suffering from mental and nervous disorders. That ground was traversed last evening by the hon. member for Vancouver South, and I support him in that regard. I suppose that almost every hon. member is having considerable trouble with claims advanced by men suffering from some form of neurological disorder. I have under my hand a case which, I believe, illustrates the point—a man who had three enlistments and who gave meritorious service in France. There is a record of hospitalization, while on active service, for epilepsy, mania and neurasthenia. Nevertheless, upon examination by the neuro-psychiatrists of the treatment branch, it was diagnosed that he was suffering from psychopathic personality of constitutional origin, that there was superimposed on that psychopathic personality an anxiety neurosis, and to quote the report:

> On the strength of the neurological report and diagnosis to psychopathic personality, the commission have ruled that the entire disability present in this case is the result of the constitutional condition and psychopathic personality with spasmodic affection of the eye, and the man's award of pension previously paid at 30 per cent for anxiety neurosis has been discontinued.

I have no criticism in this regard of the pension commission, but the man's total disability was thirty per cent. He is receiving pension for aggravation at the rate of eighteen per cent because of the spasmodic affection of the eye. I suggest that if section 11 (b) be suitably amended by the house at this time along the line suggested by the hon. member for Vancouver South, the pension commission would be on stronger ground in dealing with these cases and be in a position to relieve the worry and anxiety which these men are occasioned, and which I contend accentuates rather than removes their disability. That is in my opinion an important matter. I believe it was the original intention of parliament to protect the man who served in a theatre of actual war with regard to pre-enlistment disability. It was never intended that there should be discrimination in respect of mental or nervous disorders. I fail to comprehend why there should be any distinction drawn between, say tuberculosis, and a mental disorder. If a man had any constitutional or hereditary tendency to pulmonary tuberculosis, no discrimination is made because of that, and upon discharge from the service he is given the full protection of this section of the act. But by reason of the recommendations of the neuro-psychiatrists of the treatment branch, who dominate the situation with respect to diagnosis, this discrimination against mental or nervous disorders does exist to-day, and a certain number of men, whether the number be large or not I do not know, are suffering grievous hardship as a result. I urge upon the minister that he take the opportunity of amending the act in the way previously suggested, so that men in this category may be given their full rights.

I find that this bill makes no provision for the plight of those dealt with under section 77 of the Pension Act, and that also was referred to last evening—the payment of

additional pension in respect of children born after May 1, 1933. I would remind the house that this section was introduced as an economy measure when the depression was at its depth, and no longer is there any good reason for the maintenance of this section.

I also urge that the date with respect to marriage contracted subsequently to the appearance of disability, which is now January, 1930, should be moved forward to synchronize with the final date for payment of additional pensions, May 1, 1933, or delete section 77; in one way or the other remove the apparent anomaly that exists in the Pension Act.

I again urge upon the minister the necessity of dealing more generously with the non-pensionable widow. If he cannot see his way clear to assuming any additional responsibility in this respect at the present time, he should at least give consideration to lowering or extending the classification. At the present time provision is made for the dependents of those who died in receipt of pensions, classes 1 to 5. That might be lowered to include those in receipt of fifty or sixty per cent pension without incurring any great additional liability, and again meeting the need of those who are rendered dependent by death where the pensionable disability is a contributing factor to death.

I do not wish to detain the house at length. I merely urge upon the minister at this stage that he make a declaration on behalf of the government with regard to the important recommendations which have been advanced and which should now receive consideration. I repeat my suggestion that it would be proper at this time to have a brief inquiry by a special committee of the house where all these technical matters might be adequately and frankly discussed to the satisfaction of the organized ex-service men.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, this bill, of course, is strictly limited. I gather that it deals merely with the change from the appeal court to appeal boards of the commission.

I am inclined to agree with the suggestion of the hon. member for Vancouver North (Mr. MacNeil), who has just taken his seat, that it might be advisable to set up again this session a special committee to deal with the numerous, and, I think, reasonable requests, many of them, that have been made by veterans' organizations. I recall that over the years since the war, the special committees that have been set up from time to time to deal with soldier problems have done extremely valuable work. I think all who know of the work of those special committees will agree with me in paying tribute to the splendid work done by the present minister (Mr. Power) when he was a private member of the house and a member of that committee, and, on some occasions, chairman of it.

While I was not a member of that committee, I do recall that few committees of this house have carried on their deliberations with a more genuine spirit of cooperation, or reported to the house with a greater degree of unanimity than the special committee which was set up from time to time to deal with pensions and returned soldier problems. I suggest that at this session a similar committee should again be set up, to which this bill might be referred, for the purpose, not of dealing with this particular subject but, rather, of reviewing the position of the veterans as it is to-day.

I am quite aware that there will naturally be in the minds of many people the thought that sooner or later we must call a halt on pension legislation. But I feel that this concept is not a very sound one in the light of the facts with which we are confronted at the present time.

May I now turn the thoughts of the members of the house for a short time in a slightly different direction. From time to time we are told, as, for instance, when we were dealing with the question of free hospitalization or free medical attendance of a civilian nature, that these are matters of provincial jurisdiction where the province must be considered, and where, indeed, our jurisdiction is distinctly questioned. And so again with questions of relief. We are told that this is primarily a municipal matter, certainly a provincial matter, but that through grants in aid we can cooperate. But the welfare of veterans is definitely and distinctly a federal responsibility, and I think the time has arrived when we as a parliament ought clearly to declare, as we have in a half-hearted way declared at times in the past, that this is a federal matter and that we propose definitely to take that responsibility on our shoulders. I think if we should so declare, it would go a long way toward clearing the atmosphere.

I am not giving to the house anything new when I refer to a document issued by the Canadian Legion containing a copy of an address by the late Sir Robert Borden when he was Prime Minister. I have no doubt members of the house are familiar with it, and I shall not quote it at length but rather refer to it for the purpose of supporting what I have just said. In this address by Sir Robert

Borden to the members of the Canadian expeditionary force in 1917, I find the following language:

> The government and the country will consider it their first duty to see that a proper appreciation of your effort and of your courage is brought to the notice of the people at home, and it will always be our endeavour to so guide the attitude of public opinion that the country will support the government to prove to the returned men its just and due appreciation of the inestimable value of the services rendered to the country and empire, and that no man, whether he goes back or whether he remains in Flanders, will have just cause to reproach the government for having broken with the men who won and the men who died.

These were magnificent words spoken by the then Prime Minister of Canada, and in my opinion—and I have always held this view tenaciously—it was a declaration that we dare not break faith with those men, a declaration which we must respect. Taking that view, I hold that we should not hesitate to declare that it is our federal responsibility, the responsibility of this parliament, to care for the veterans of the great war. What does that involve? I know that we cannot respond to all the requests and suggestions, because many of these requests, though made by men in good faith, are made without an appreciation of the magnitude of the demands or of their seriousness—demands such as a large bonus to every individual, and so on. Some of these requests cannot be entertained, but the least that parliament can do is, as we have done in the past, from time to time to review the general conditions of the veterans of the last war, in such a manner as to ensure that we are doing the maximum in caring for them.

There is a second point I wish to emphasize. The other day we spent several hours discussing state medicine, and it has been discussed on several occasions in this house. Well, there should be no hesitancy on the part of parliament in assuming responsibility for the complete hospitalization of the veterans of the last war, irrespective of whether they are pensionable or not. I speak now as a layman and from observation and contact with these men, and while of course my opinion is not technically authoritative, it is nevertheless my view that most of these men are probably eight or ten years older than they are, if I might use that contradiction in terms. By virtue of that service they are aged before their time. I may be wrong, but that is my impression. I meet men I know who are no older than myself, but they are certainly much older in their physical condition than I am, and I think that is generally the case. For that reason we ought frankly to accept the responsibility of hospitalization for the veterans, and I would make no discrimination regarding the causes of their illness, and so on. I would accept responsibility in the name of the people of Canada, and because I think parliament must keep faith with the declaration made by the Prime Minister of Canada of that time, with full knowledge and a sense of responsibility of his statement as Prime Minister, that we would take care of these men.

The hon. member for Vancouver North referred to the question of widows' pensions. I am not sufficiently acquainted with the technique of this subject, the particulars of the law, to discuss it, nor do I wish to discuss it at length. But there in that connection is a point which I think we could well take into consideration. The widow of a veteran, although for pension purposes, under the law as at present drafted she may not be entitled to continuation of the pension, because of lateness of marriage or for some other reason, is nevertheless in my opinion still entitled to special consideration by this parliament, and I again apply to that subject the same test I applied to the other, namely, that we are called upon in Canada, through the provinces and the municipalities, to care for the derelict, the unfortunate, the unemployed and the destitute citizens of the country, by tens of thousands. We do that with the question of jurisdiction constantly thrust forward, whereas we have here a group whom we might very well take under our care, and the responsibility for whom this dominion should assume.

There is another question which is perhaps more difficult. I do not admit that in these two other instances I have mentioned, the question of hospitalization of veterans and the question of widows, there is any complicated difficulty. But the next is perhaps a little more complicated, and that is as regards imperial veterans resident in Canada. With respect to this class, I recognize, of course, that there may be two broad divisions. On the one hand there is the imperial veteran who is perhaps an old country born man, who enlisted in the early weeks or months of 1914 in the imperial army. Many of them hastened away because of the delay at Valcartier and because they wanted to get back and join the imperial forces. At any rate, they left Canada and joined the imperial forces, and they are naturally subject to such benefits as the imperial parliament may have granted. There is a technical argument that can be advanced regarding this class, and that is that they are imperial veterans and that therefore the imperial parliament must take care of them. On many occasions since the

war their rights or requests have been reviewed, and we did make certain concessions, so that the answer I have just indicated does not really hold good. I say, we have made certain concessions to them. Now I suggest that their requests should be again reviewed by a competent committee of the house to consider whether or not we could extend to them some additional privileges which they do not now enjoy. I suggest that we might very well include them in the privileges of free hospitalization. These are certain major questions to which I wanted to refer.

There is, of course, the question of taking care of or making what we call economic provision for the returned unemployed. I hold in my hand a letter which I received from the Cranbrook branch of the Canadian Legion, signed by its secretary, W. S. Johnston, from which I quote one paragraph:

> The officers and members of the branch are in complete sympathy with the proposal that the dominion government adopt the principle contained in the recommendation of the veterans' assistance commission and the dominion convention of the Canadian Legion at Fort William; "that unemployed ex-service men who saw service in the theatre of actual war be paid a provisional economic allowance by the dominion government while unemployed."

That is a suggestion made not only by this branch but by the veterans' association and the Canadian Legion generally. I am quite aware that it might be argued that the federal authorities should not be asked to pay an allowance to unemployed veterans. But we are caring for our unemployed—this is a point I should like to emphasize—and some at least suggest that many of the unemployed are now getting substantial relief, and more than is granted under the soldiers' aid provision. In other words, the civil unemployed get from the civic authorities plus the dominion grant more than do veterans directly from the department. I again submit that inasmuch as we are called upon to make very heavy grants to the provinces and the municipalities on general unemployment, this is a section of our citizens that we might well consider taking under our special and direct care.

Many of these men are, because of war service, burnt-out before their time. I am sure medical men in the house will support me when I say that because of war service many of these men who are unemployed or only partly employed, are not employable in the ordinary sense of the term. A great many of them are, as a result of their war service, quite unfit for ordinary manual labour. I know that in some instances men who suffered some slight wound or sickness overseas, some of the very best of them, did not report or disclose their disability or sickness during service; when they came back from the war they felt fairly good and they said—some of them used pretty frank language—"To the devil with it; I am not going to bother about pension or make any application," so they just let it slide, and the record is gone. Now, as these men have grown older, it is difficult for medical men to determine whether their present disability is exactly due to war service.

It is true we have in the law a provision referring to the burnt-out group and borderline cases, but the law has been fairly strictly interpreted. The minister rather smiles; perhaps he thinks I am wrong in that, but I know cases where it has been strictly interpreted. I cannot of course speak for a very large number; but within my own knowledge there have been many cases that I have brought to the attention of the authorities, and in some instances they have been adjusted. Perhaps it was because I and others pressed the matter, not in any political sense; the minister and the department under the present administration will react just the same as any others, but in many instances there has been an adjustment, or shall I say justification of an adjustment has been recognized, after reviews which it was difficult to get and which had been denied in the ordinary interpretation of the law. That being so, I say we should take responsibility for these cases and recognize them definitely as a federal responsibility.

I wish also to refer to another communication which I received only a day or two ago from the Canadian veterans' bonus league at Regina, signed by its president, Mr. Cole, and its secretary, Mr. Gee. I shall not read the whole communication, but it impresses me as a rather reasonable analysis of the case. I quote a paragraph or two—

Mr. POWER: If my friend will permit me, they do not seem to agree with him entirely in regard to imperial veterans.

Mr. STEVENS: That may be true. I have a number of communications and am dealing with several of them.

Mr. POWER: This particular branch does not seem to have the same view as my hon. friend.

Mr. STEVENS: There may be differences of opinion among ex-service men, but I never allow that to interfere with my approach to

this question. I think we should approach the question in a very broad spirit. This letter contains this paragraph:

> We contend that the soldier of 1914-18 served the nation as a whole and no section in particular; that during such service he was a complete charge—

This is rather a good argument; I would like the minister to catch it.

> —he was a complete charge of the federal government during the time of service, therefore as a veteran should still be such a charge, and that the federal government should assume the full responsibility for their welfare.

I think that is putting the matter succinctly and well. Then they make certain suggestions. They asked for action during the present session to cover these points—I will read the points as they have outlined them:

> 1. Place the responsibility for the care of the veterans where it rightfully belongs, on the federal government.

With that I entirely agree.

> 2. Deal with the problems of that class of veteran that is incapable of competition in the labour market due to age and disability.
>
> 3. Create work and employment for this class of veteran that will be of a permanent nature and not that type of employment which will be discontinued in a few weeks or months and then place the veteran back where he is.
>
> 4. In ordering certain types of employment for the exclusive employment of veterans over a period of years guarantee permanency and allowing the veteran to stabilize his economic position.
>
> 5. Give the Canadian veterans certain preferences over imperial veterans.

Well, I have never argued that we should place the imperial veterans in exactly the same position as Canadian veterans. I think it is a question that is open to argument. I think we should be very generous towards the imperial veteran in any of these measures of assistance that we can render, particularly if he was long a resident of Canada before the war, as many of them were. Many of them were born here; others were men who had lived in the country a good many years. I know one little village, Wallashee on the Canadian Pacific main line near Ashcroft, B.C., where there were twenty-seven able-bodied men when the war broke out. Every man went and went immediately. They had been in that village for years building up little fruit ranches. As you go by you can see these ranches to-day, gone to waste, the fruit trees dead and the neat little houses now a wreck. Not one man lived. The whole village was wiped out. That is the class of men they were. Of those who did fortunately come back, many had spent years in building up the country and are entitled to such consideration as I have suggested.

There are a number of other points to which I might refer, but I see it is eleven o'clock. I suggest earnestly to the minister that a committee be set up this session to review the present requests and suggestions for dealing with the veterans, and that parliament should declare at this session that it accepts the responsibility of caring for the veterans of the great war as a definite and distinct responsibility.

On motion of Mr. Finn the debate was adjourned.

At 11.04 o'clock the house adjourned, without question put, pursuant to standing order.

Monday, March 13, 1939

The house met at three o'clock.

PRIVILEGE—Mr. POULIOT

EDITORIAL IN OTTAWA JOURNAL OF MARCH 13

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I rise to a question of privilege. This morning the Ottawa *Journal* published a lengthy editorial about a member of the House of Commons in which they refer to his so-called buffooneries and bad manners. They continue:

> Last session, for example, Mr. Pouliot's combination of clowning and bad taste, exhibited in childish antics and atrocious attacks upon a well known and respected civil servant, blurred whatever good work was done by a parliamentary committee on the civil service, helped to bring the committee into contempt.

Last year the Ottawa *Journal* published an article entitled "Inviting contempt for parliament," in which the writer wonders whether much of the contempt one hears expressed regarding our democratic institutions is not often deserved. That article had to do with the appearance of Mr. Foran before the civil service committee. I afterwards telephoned to the writer of the article and asked him why he had defended Mr. Foran in the name of democracy. He answered me that occasionally he played golf with him. The article

this morning speaks of "vulgar abuse," "primitive blackguardism" and "buffoonery that is vulgar and vicious," and goes on to state:

—and even when it comes from a quarter making an argument for its being excused.

Of course, that is very bad English. The editorial this morning is headed: "An M.P. who should be tongue-cuffed."

There is no such word in the king's English. Apparently that is a new word for a new kind of torment or corporal punishment which is being invented for members of parliament. I shall have to write letters of sympathy to my colleagues who are to suffer from being "tongue-cuffed." All this is said because the member for Témiscouata decided to express his views about some members of the civil service who, by the way, are members of the Rideau club. I expected that to come, but I regret that such language has been used by this paper. On the other hand, it is not the paper which has spoken, it is the Rideau club. For the information of the house, may I say that the language which has been used by the Ottawa *Journal* with regard to the member for Témiscouata is precisely the same language which is used daily with regard to my right hon. leader, the Prime Minister (Mr. Mackenzie King), to the hon. leader of the opposition (Mr. Manion), to the hon. member for Winnipeg North Centre (Mr. Woodsworth), to the hon. member for Lethbridge (Mr. Blackmore) and all their supporters in the house, by the small gang in the Rideau club which pretends to rule this country. That is all I have to say. The house is informed now.

STANDING COMMITTEES

RADIO BROADCASTING—MARINE AND FISHERIES—CHANGES IN PERSONNEL

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

That the name of Mr. Hurtubise be substituted for that of Mr. Ahearn on the select committee appointed to consider and report on matters pertaining to the Canadian Broadcasting Corporation.

That the name of Mr. Mayhew be substituted for that of Mr. Ward on the standing committee on marine and fisheries.

Motion agreed to.

TRANSPORT STORES ACT

AMENDMENTS RESPECTING OUTSTANDING ADVANCES AND INVENTORY

Hon. CHARLES A. DUNNING (for the Minister of Transport) moved for leave to introduce Bill No. 39, to amend the Department of Transport Stores Act.

Some hon. MEMBERS: Explain.

Mr. DUNNING: Mr. Speaker, in the absence of the Minister of Transport (Mr. Howe), I am advised that the amendment is a minor one of a clarifying character which the minister will be pleased to deal with at a later stage.

Motion agreed to and bill read the first time.

AGRICULTURAL PESTS

AMENDMENT OF ACT TO CHANGE TITLE AND REVISE CERTAIN OF ITS PROVISIONS

Hon. J. G. GARDINER (Minister of Agriculture) moved for leave to introduce Bill No. 40, to amend the Agricultural Pests Control Act, and change the title thereof.

Some hon. MEMBERS: Explain.

Mr. GARDINER: Mr. Speaker, the general purpose of the bill is to provide for amendments to the Agricultural Pests Control Act which twelve years of experience in its administration would indicate are necessary for its further successful operation. It is a complete going over of the act; I think all the matters referred to in the bill can be much better explained in committee than at this time.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

OTTAWA, NEW POST OFFICE BUILDING

Mr. STEVENS:

1. Were tenders called for the new post office building on the corner of Elgin and Sparks streets, Ottawa?

2. If so, how many tenders were received, and from whom?

3. Was the lowest tender accepted?

4. If lowest tender was not accepted, what is the reason?

5. What was the amount of the tender which was accepted?

Mr. CARDIN:

1. Yes.

2. (a) Fifteen; (b) A. Janin Building Company, Limited; A. W. Robertson, Limited; Anglin-Norcross Ontario, Limited; Alex. I. Garvock; Doran Construction Company, Limited; Concrete Construction Limited; Redfern Construction Company, Limited; Carter-Halls-Aldinger Company, Limited; Foundation Company of Canada, Limited;

E. G. M. Cape and Company; Collet Frères, Limitée; W. H. Yates Construction Company, Limited; Duranceau and Duranceau; Ilsley-Wilde, Limited; George A. Fuller Company of Canada, Limited.

3. Lowest tender based on granite and Queenston limestone accepted.

4. Answered by No. 3.

5. $602,400.

TRADE AGREEMENTS

Mr. WERMENLINGER:

1. How many trade agreements between Canada and foreign countries were abrogated from 1921 to 1930?

2. By what countries?

3. How many new treaties were signed by Canada and foreign countries between 1921 and 1930?

4. How many treaties were signed between 1930 and 1935 by the then government with governments of foreign countries?

Mr. MACKENZIE KING:

1. Three.

2. Two of these agreements were abrogated by mutual consent: (1) The provisional trade arrangement of 1926 with Czechoslovakia to be replaced by the agreement of 1928. (2) The treaty with France of 1921 was terminated by an article in the treaty of the following year with that country.

Canada denounced in 1927 the trade agreement between the United Kingdom and the Union of Soviet Socialist Republics, to which she had adhered.

3. Belgium-Luxembourg, 1924; Cuba, 1927; Czechoslovakia (provisional trade arrangement), 1926; Czechoslovakia, 1928; Estonia, 1928; Finland, 1924; France (superseded by the following), 1921; France, 1922; Hungary, 1928; Italy, 1923; Latvia, 1928; Lithuania, 1928; Netherlands, 1924; Portugal, 1928; Roumania, 1928; Spain, 1925; Yugoslavia, 1928.

4. Austria, 1933; Bolivia, 1935; Brazil, 1931; Costa Rica, 1933; France, 1933; France (Supplementary Protocol), 1935; Germany (Exchange of Notes), 1932; Guatemala, 1935; Hayti, 1935; Panama, 1935; Poland, 1935.

COMPENSATION TO ESSEX COUNTY TOMATO GROWERS

Mr. MARTIN:

1. Has any request for compensation to growers been made in respect of the Jan-Ru tomato situation in Essex county?

2. What data is now available?

3. When may compensation be expected?

[Mr. Cardin.]

Mr. GARDINER:

1. Yes.

2. Data covering acreage grown, deliveries of tomatoes, returns received by growers; also information concerning the manufacture and disposition of the product.

3. Matter under consideration.

CANADIAN FARM LOAN BOARD—PAYMENTS TO C. S. DAVIS

Mr. PERLEY:

1. Was the firm of Davis and Davis, of Prince Albert, Saskatchewan, employed as solicitors for the Canadian farm loan board in the years 1935, 1936, 1937 and 1938?

2. If so, what fees did the said firm receive in each of the said years in connection with loans or mortgages under the farm loan board?

Mr. DUNNING: The following information is furnished by the Canadian Farm Loan Board:

1. The services of Mr. C. S. Davis, Prince Albert, Saskatchewan, were utilized by the Board in the period November, 1935 to May, 1937, but were not utilized in 1938.

2. The board paid Mr. C. S. Davis for services rendered the board the following amounts: 1935, nil; 1936, $15; 1937, $192; 1938, nil.

The board does not maintain a system of accounts covering fees paid by borrowers. The scale of fees payable by borrowers out of moneys loaned is set by the board.

ARGENTINE CORN IMPORTATIONS

Mr. MARTIN:

1. What were the quantities of Argentine corn imported into Canada between September 25, 1936, and December 31, 1936?

2. What were the quantities of corn arriving at each of the various ports in Canada where such corn was unloaded from ocean boats?

3. What was the highest and lowest c.i.f. price of such corn?

Mr. EULER:

1. Statistics for periods shorter than a month are not available. Imports of corn from Argentina during the three months ended December 31, 1936, were as follows:

	Bushels
For distillation	259,996
For manufacture of starch and cereal	1,114,169
Corn, n.o.p.	11,542,375
Total	12,916,540

2. Imports of Argentine corn entered for consumption at sea ports in Canada during the period of three months ended December 31, 1936:

Item	Port	Bushels
Indian corn for purposes of distillation	Montreal	183,496
Indian corn for manufacture of starch or cereal products	Montreal	1,092,240
Indian corn, n.o.p.	Montreal	4,584,046
	Quebec	1,898,721
	Three Rivers	2,715,879
	Halifax	1,301,159
	Saint John, N.B.	618,909
	Vancouver	363,661
	New Westminster	60,000

3. Information not available.

BRITISH COLUMBIA ELECTRIC RAILWAY COMPANY—MAIL CARRIAGE

Mr. MacINNIS:

1. Has the Post Office Department a contract with the British Columbia Electric Railway Company Limited for the transportation of mail on its interurban lines in British Columbia?

2. If so, how much was paid to the above mentioned company for the transportation of mail for the fiscal years ending March 31, 1936, 1937, and 1938?

Mr. McLARTY:

1. No. Mails are carried on the British Columbia Electric Railway lines under the provisions of order in council P.C. 1896, of the 13th September, 1922, governing the carriage of mails by rail in Canada.

2. Amounts: March 31, 1936, $5,745.83; March 31, 1937, $5,733.13; March 31, 1938, $5,781.08.

ARGENTINE CANNED BEEF IMPORTATIONS

Mr. LEADER:

What was the total value of canned beef imported from Argentine in 1938?

Mr. EULER: $332,927.

FOAM LAKE, SASK., POST OFFICE BUILDING

Mr. PERLEY:

1. What was the total cost of the present post office building at Foam Lake, Saskatchewan?

2. What was the cost of the site on which the post office was built?

3. From whom was the site purchased, and what was the price paid?

Mr. CARDIN:

1. $24,944.99 (including site).

2. Price paid for site, $1,500; Legal services, $36.23; Total cost, $1,536.23.

3. (a) Mrs. E. Mickelson, (b) Answered by No. 2.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN NATIONAL RAILWAYS—VANCOUVER HOTEL

Mr. TUSTIN:

1. What was the total cost of construction of the new Canadian National Railways hotel at Vancouver?

2. What is the total number of rooms in the said hotel?

3. How many are bedrooms?

4. How many are known as vice-regal suites?

5. What is the total cost of decorating, to date?

6. What was the total cost of all furnishings: (a) draperies; (b) furniture; (c) carpets?

7. What was the average cost of furnishing bedrooms?

8. What was the average cost of furnishing vice-regal suites?

9. Were tenders asked for these furnishings?

10. Were tenders: (a) competitive; or (b) selected?

11. What tenders were received?

12. Who received contracts, showing items and costs?

CANADIAN NATIONAL RAILWAYS—SHIP SERVICES

Mr. CHURCH:

1. What has been the total cost of supplying a new ship between the mainland and Prince Edward Island for transportation purposes?

2. Will anything be done to provide additional accommodation and better service by a new boat between Toronto and Port Dalhousie on the National railway subsidiary, the Niagara-St. Catharines and Toronto Railway?

3. How long has the steamer *Northumberland* been on this route, and what route was it on before coming to Toronto?

4. What was the cost of this ship, and when was it built?

5. Is it suitable for lake work, and what are the deck accommodation and shelter provided in stormy weather?

6. How many passengers is it authorized by law to carry, and has it proper life-saving equipment?

7. Will anything be done to provide a new boat on this route for an improved service?

LEAGUE OF NATIONS

Mr. CHURCH:

1. Who were Canada's delegates to the League of Nations for 1938, and what were their expenses and other allowances?

2. Did they submit a report for 1938? If so, was said report acted upon, and will it be tabled?

3. What has been the cost of the league to Canada, since its inception to date?

4. Who appoints the delegates and the technical experts? What are their qualifications, if any, to give advice, and what training have they, before sailing, in matters of diplomacy or pacification?

5. Did any of the delegates conduct lecture tours after their return to Canada? If so, who were they, and were such tours financed by the government?

6. Is the league still in existence, and who belong to it?

7. Will Canada be a member of it for 1939, and, if so, at what cost?

8. What countries are in arrears for fees and other expenditures of membership?

9. Are Japan, Germany, Italy, Russia and the United States now members, or have they been invited to join a reorganized league, and, if so, when?

RAILWAY LOANS OR GRANTS

Mr. JOHNSTON (Bow River):

1. What loans or grants have been given the Canadian National Railways and the Canadian Pacific Railway for each of the last ten years?

2. What repayments have been made by either the Canadian National Railways or the Canadian Pacific Railway in the last ten-year period?

3. What were the terms of the loans so granted?

CANADIAN NATIONAL (WEST INDIES) STEAMSHIP SERVICE

Mr. STEVENS:

1. What are the names of the vessels comprising the Canada-West Indies fleet and operated in accordance with the Canada-West Indies agreement dated June 15, 1926?

2. What is the age of each of these vessels?

3. Are all of these ships of a class suitable for the service, and in accordance with the terms of the agreement?

4. What was the average speed of each of these vessels on service in 1938?

5. What was the average, per knot, of fuel consumed during 1938?

6. What was the average speed of each of these vessels on service in 1929?

7. What was the average, per knot, of fuel consumed during 1929?

8. What was the total number of passengers carried, inward and outward, from Canada to the West Indies for each of the years 1929 to 1938, inclusive?

9. What was the number of passengers arriving at Montreal, Saint John, Halifax and Boston in each of the years 1929 to 1938, inclusive?

10. What was the number of passengers booking outward from Montreal, Saint John, Halifax and Boston in each of the years 1929 to 1938, inclusive?

11. What is the number of tons of cargo carried outward from Montreal, Saint John and Halifax (exclusive of bananas) for each of the years 1929 to 1938, inclusive?

12. What is the number of tons of cargo inward landed at Montreal, Saint John and Halifax (exclusive of bananas) for each of the years 1929 to 1938, inclusive?

13. What was the number of stems of bananas landed in Montreal, Saint John and Halifax, during each of the years 1929 to 1938, inclusive?

14. What was the annual operating loss (or profit) of the ss. *Connector* in each year from 1929 to 1938, inclusive?

15. What was the annual interest rate on the bonds of this ship?

16. What was the annual depreciation charged against this ship?

17. Has any recommendation ever been made by officers of the company, or others, suggesting methods of eliminating such losses? If so, by whom, and was any action taken on the advice tendered?

18. What was the dead weight tonnage of all vessels in operation in each year from 1929 to 1938, inclusive?

19. What was the overhaul expenses for each year from 1929 to 1938, inclusive?

20. What was the average maintenance cost, per ton, for each vessel in operation each year?

21. What was the cost of supplies as between deck, engine-room and stewards department, for each ship, each year from 1929 to 1938, inclusive?

22. What is the total amount of money invested in capital in the fleet of ships operating on the Canada-West Indies service?

23. What is the total loss (or profit) of this operation for the years 1929 to 1938, inclusive?

CANADIAN CHARTERED BANKS

Mr. ROWE (Athabaska):

1. How many branches of Canadian chartered banks are now operating in Canada?

2. How many branches have been closed since 1929?

3. What reasons, if any, were given for the closing of these branches?

4. What was the total paid up capital of all Canadian chartered banks in: (a) 1929, and (b) 1938?

5. What were the reserves for the same years?

6. What were the net profits earned in: (a) 1929, and (b) 1937?

7. Did this include all earnings on reserve?

8. What was the average interest earned on commercial loans in: (a) 1929, and (b) 1938?

9. What were the dividends paid in: (a) 1929, and (b) 1938?

10. What was the total of all bank loans in: (a) 1929, and (b) 1938?

11. What was the total of demand deposits in: (a) 1929, and (b) 1938?

12. What was the total of deposits payable after notice in: (a) 1929, and (b) 1938?

WHEAT IN ELEVATOR STORAGE

Mr. FAIR:

1. What quantity of wheat grading 1, 2, 3, and 4 northern, and Nos. 5 and 6 was in store in elevators in Canada on July 31, 1937?

2. What quantity of wheat of each of the above grades was received in such elevators during the year August 1, 1937, to July 31, 1938?

3. What quantity of the above grades was shipped out during the above-described period?

4. What quantity of each grade remained in Canadian elevators on July 31, 1938?

MOTIONS FOR PAPERS

CUMBERLAND, N.S., PUBLIC WORKS

Mr. BROOKS:

For a copy of all payrolls, tenders, vouchers, and a statement showing quantities of timber and other materials used in connection with work carried out under the foremanship of Hermand L. Reid, district No. 10, municipality of Cumberland, Nova Scotia, together with the name of the inspector, if any, and the rate of pay.

ST. HUBERT, QUE., RAILWAY CROSSING

Mr. DUPUIS:

For a copy of all correspondence, papers, letters, telegrams and other documents in the possession of the transport commission and exchanged between the government of the province of Quebec, the board of railway commissioners or the transport commission, or any member or officer thereof, and Vincent Dupuis, member of parliament, with respect to the elimination of railway crossing at St. Hubert, county of Chambly.

CANADIAN WHEAT BOARD

Mr. PERLEY moved:

For a copy of all correspondence, papers, letters, telegrams and other documents exchanged between the Minister of Trade and Commerce or any member of the government and any member of the Winnipeg grain exchange with respect to the wheat board's operating and selling policy and the distribution of the board's business among members of the Winnipeg grain exchange.

Mr. EULER: Mr. Speaker, there is no objection to the passing of the motion, but perhaps my hon. friend would inform me as to the period for which he desires the information.

Mr. PERLEY: I would suggest that it be from the first of August to the first of January.

Motion agreed to.

DOMINION ELECTIONS

APPOINTMENT OF COMMITTEE TO STUDY AND REPORT ON MATTERS PERTAINING TO ELECTIONS AND ELECTORAL DISTRICTS

Hon. C. G. POWER (Minister of National Health) moved:

That a special committee consisting of Messrs. Bothwell, Brunelle, Cahan, Clark (York-Sunbury), Dussault, Factor, Fair, Glen, Heaps, Jean, MacLean (Prince), MacNicol, McCuaig, McCulloch, McIntosh, McLean (Simcoe East), Mullins, Gauthier, Pelletier, Perley, Power, Purdy, Rickard, Robichaud, St-Père, Stevens, Stewart, Stirling, Taylor (Norfolk), Turgeon, Turner, Wermenlinger and Wood, notwithstanding section one of standing order 65 in relation to the number of members thereof, be appointed to study and report on the following subjects:

(a) Methods used to effect a redistribution of electoral districts in Canada and in other countries and to make suggestions to the house in connection therewith;

(b) Methods whereby: (I) the source and disposition of sums received and expended in promoting the return of members of the House of Commons may be readily traceable; (II) publicity may be given to all receipts and expenditures in connection therewith; (III) the cost of elections to candidates may be reduced; (IV) the amount that may be spent by or on behalf of a candidate in his election campaign may be limited;

And that the said special committee have power to send for persons, papers and records, to examine witnesses under oath and report from time to time.

He said: Mr. Speaker, the object of this motion is to set up again for this year a committee which has been functioning for the past three sessions of this parliament. During the 1936 session the committee studied and reported on such matters as proportional representation, the alternative vote, compulsory registration and voting. During the session of 1937 it considered a large number of proposals which had been made to this house, and particularly to the committee, having for their object the revision of the elections act. Of these proposals, something over one hundred in number, I am informed, some thirty-three were adopted and passed into legislation.

The committee also gave some consideration during the 1937 session to the question of the method of arriving at an equitable redistribution of the seats in this house. During the session of 1938, in the light of the information they had gained from the suggestions made to them by the public, by members of parliament, by organizations, and also by the chief electoral officer, whose long experience in matters of this kind formed the basis of his recommendations, the committee studied and finally recommended unanimously

an act known as the Dominion Elections Act, which, with some minor amendments, finally passed this house. I think it can be said, generally speaking, that this act, so far as we are able to judge, since it has not been in operation in an actual theatre of war, has given general satisfaction.

There remain for the consideration of the committee two subjects which are cognate to those already discussed, namely, first, that of methods of effecting redistribution of seats in this house, and second, the question of election and campaign expenditures.

With respect to the redistribution of seats, I think the advisability and even the necessity of remodelling the procedure whereby every ten years or so this house is made the theatre of a somewhat unseemly, undignified and utterly confusing scramble for personal or political advantage, should be evident to all. The difficulty of making an equitable distribution of seats in any country is increased many fold in this country, where we must take into consideration diversity of interests, economic and social; the racial distinctions which exist; the growth of population; and the varying movements of our population brought about to some extent by economic causes in our cities, and in the rural districts, by the opening up of our hinterland. I say this country is an extremely difficult one to redistribute, and that makes it all the more necessary that there should be a drastic change in the system which we have followed up to the present.

As hon. members of the house know, these redistributions have taken place as a result of conferences, of meetings of committees, and finally of what you might almost call a battle royal in this house. It is inevitable no matter which party is in power that there should be complaints and that the distribution of seats will not meet with the approval of all. There are to-day, as there have been in the past, what I might call almost appalling inequalities of distribution. To cite only a few of them: In the province of Quebec, the constituency of Argenteuil has 11,122 voters and sends one member to this house. Another rural constituency, that of Joliette-L'Assomption-Montcalm, has 30,363 voters and sends only one representative to this house. Among the urban constituencies in the city of Montreal, St. Lawrence-St. George, with 22,549 voters, sends one member, and St. James, with 54,760 voters, sends one member. It is not surprising that there has arisen a suspicion that the redistribution was undertaken or was carried out not so much in the interests of giving a better distribution of seats but, on the part of some government, to have a greater number of their own followers in the house. But I say and repeat that this would happen no matter what government were in power, and we can only come to the conclusion upon looking over the ground that there should be evolved some method other than the law of the jungle—might is right—in order to bring about a distribution which would be fair to the people of Canada.

With this object in view, the committee instructed its counsel to inquire into the systems in vogue in other countries, particularly in the newer countries of the British empire. At this distance, at least, it would appear that the legislation in force in Australia and New Zealand could perhaps be adapted to our needs, and the counsel for the committee has made a study of this legislation and is prepared to submit to the committee a draft bill, not by any means as a formal bill or as a government bill, but in order that it may be able to make a further study of these matters. The draft bill would contain some such provisions as this: That there be set up a commission, presided over by a judge of the supreme court, and joined to him the surveyor general of Canada and perhaps one other member; that when the redistribution of any particular province was being studied, one or two persons from that province might join in the deliberations; that there should be public meetings held throughout the country and representatives heard from the different bodies; and that this commission would draw up a plan of redistribution. I should say first that the commission would be given instructions, because in this country particularly instructions would be necessary: instructions, for instance, as to the basis of redistribution, which basis, as is already well known, is laid down in the British North America Act, the basis whereby each province is allotted a certain number of members. They might also be given instructions with regard to such fundamental factors as the physical-geographical features, means of communication, existing boundaries of electoral districts both federal and provincial, and boundaries of administrative areas. The object in suggesting a bill to the committee is to give the committee something to work on which might stimulate thought and perhaps eventually action. I can only say that if the committee sees its way clear to bring in a recommendation and this house were to pass some such legislation, it would earn our commendation and gratitude.

Now a word or two with respect to the other matter which is referred to the committee, namely:

Methods whereby: (I) the source and disposition of sums received and expended in promoting the return of members of the House of

Commons may be readily traceable; (II) publicity may be given to all receipts and expenditures in connection therewith; (III) the cost of elections to candidates may be reduced; (IV) the amount that may be spent by or on behalf of a candidate in his election campaign may be limited.

Last year a bill entitled the Political Expenditures Act was introduced into this house and immediately sent to the committee. Owing to the fact that nearly all the time of the committee was taken up with the study and the moulding of the Dominion Elections Act—which had to have precedence over any other business, because had there been no dominion elections act passed last session there would have been no provision in our statutes for the holding of a general election had one been necessary last year—it was impossible to give more than casual study to the political expenditures bill. But the committee did report this, on motion of Mr. Robichaud:

Resolved that the committee report on Bill No. 90—

That was the political expenditures bill.

—as follows: Your committee approves of the objects of Bill No. 90 and recommends that a similar bill be introduced at the next session of parliament and referred to a committee of the house for its consideration.

I should say that generally speaking, from what we have been able to ascertain, from correspondence and from comments in the press, the idea of the Political Expenditures Act was well received. I believed last year, and I still believe, that there were no faults in it which could not have been corrected by amendments made in committee. But I am willing to admit that a hasty perusal of the bill, such as in all probability was given by most of us, would seem to indicate that it was based on an academic idealism not quite consistent with our hard-boiled political philosophy.

The objections raised last year were mainly these: that there was no necessity for a special act, and that it would be better if the whole law with respect to elections were found within the four corners of a single enactment; that the procedure might be costly, and that the nomenclature was new and should not be changed. For instance, there was mention of the corporation sole, of the trustee, and so on—all words which meant what we have been accustomed to call the official agent. There was the suggestion that the method of keeping the accounts was somewhat involved, and that certain very onerous duties were placed upon the banks who should keep the accounts of political candidates—duties which it was not quite likely that the banks would discharge.

It was thought, also, that the administration of the act would require the setting up of an entirely new department, and generally speaking that the act was too complicated and that some simpler method might perhaps be found.

Towards the end of the last session, in reply to the right hon. Mr. Bennett, I said, as reported at page 4230 of *Hansard*:

It is quite possible that there were contained in that bill certain provisions which did not meet with the entire approval of all the members of this house or even of all the members of the committee. I am under the impression that sooner or later, possibly this year, the committee will accept at least the principle of the bill, and it will perhaps be left for some of us to work out the details in a manner which will be more acceptable to the members of the house generally.

During the recess the subject matter of the bill, perhaps more than the bill itself, was made the object of further study, and it will be found quite possible to submit to the committee suggestions which, by amending only two sections of the Dominion Elections Act itself, will achieve the same result as was sought last year in a separate bill, and will embody in one statute instead of two all the important and essential features which appeal to those sincere in their advocacy of reform.

It is with some misgiving that I mention sincerity in the same breath as reform. Reform, that staid and respectable goddess, has of late been sued too often and too successfully by pseudo-messiahs not to have been divested of some of her pristine virtue. The peoples of this north American continent have not, of late, been particularly enamoured of reform movements as such, and I fear that perhaps last year too much emphasis was placed on reform and moral uplift, thus arousing a certain antagonism and prejudice which derogated from the really true and practical value of the legislation which was introduced.

I am not unmindful, either, that the legislation itself, not unexpectedly, met with the gibes and sneers of the sceptical, the perhaps ill-disposed, and certainly of the ribald; and it was not very long before the bill was known as the "lily-white" bill, the "snow-white" bill and the "purity purge." To have received more support in the house, it should really have been entitled "an act to prevent the exploitation of parliamentary candidates, and to promote economy in elections."

It is essentially a businesslike piece of legislation, and it was an attempt so to modify the law that the candidates would be enabled to apply to election campaigns the same open, sane businesslike methods that they apply

in their own business. It was most emphatically not the deathbed repentance of a reformed political rake who, with the zeal of the convert, is anxious to cram new-found civic virtue down the throats of his colleagues.

I should like to repeat what I have already said, that the cost of election campaigns is too high, and that some means must be found to lower it. I should like to repeat also that political corruption, wholesale bribery and the distribution of liquor has to a large extent disappeared from our political morality, usages and customs. It has been succeeded, though, by more modern methods of propaganda and proselytism, which are almost as expensive. Electors, rightly or wrongly, believe that campaign funds are unlimited, and that they are to be dug or gouged out of an almost bottomless purse. As soon as an election is in prospect, candidates, organizers and supporters get together and decide that their man must have the largest and best-equipped hall in the community. He must have the best brass band, and his advertising must be on the front page. He must have the best and the longest possible time on the radio. His placards and posters must be the most artistic, and if Rembrandt or Titian were alive to-day they would be hired to decorate the fenceposts of the neighbourhood with the portraits of the candidate.

It is absolutely futile in many instances for the candidate to protest that he has no funds. The faithful insist that he must have the same consideration as any other candidate, and that the constituency is being discriminated against unless he is as well advertised as the very leaders of the party in the country. The way to avoid this tendency towards extravagant expenditure is, I believe, first, to publicize the aggregate amount of funds received by the party; second, to publicize the expenditures made in any election campaign; third, to limit the amount which may be expended in a constituency; fourth, to have detailed accounts of every cent spent in a constituency made and reported, I can rather imagine that if this measure is enacted something like this may well happen. When the election is in prospect the candidate will call in Bill Smith from the fifth range of the second concession of blank township, and he will say, "Well, Bill, how are things going this year?" Bill will say, "Not so good, you know; not so good. The opposition are burning up the ground with their automobiles; they are going around from house to house; we shall have to make pretty good preparations here." Eventually it will come down to something like this; "Well, what is it going to be this year?" Bill will probably say, "Two or three hundred dollars; you know, we will have to have a brass band, and meetings, and this and that." The candidate probably will say to Bill, "It can't be done this year any more; it can't be done as it was in the past, because some fool in parliament has just passed a bill to prevent me from spending more than $3,000 in this constituency. The other side are in exactly the same boat."

I know exactly what Bill's first reaction will be. It will be that of one of my friends who, on being told that there was to be no liquor used in the constituency by either side, said, "Well, I hope to hell you will both be beaten," which is the vernacular for the Shakespearean "a plague o' both your houses." But when Bill is persuaded that this is the law, I think he will finally come round, and the last straw that will eventually convert him will be this statement: "All right; if you do get $50 or $100 it is going to be printed in the blue-book and all your neighbours will read about it." Then I think Bill will come round and do for nothing what in his so-called loyalty he had always boasted he was doing for the party for nothing anyway.

The suggestions which are proposed to be incorporated in the submission to be put before the committee, and which are really those which were contained in the political expenditures bill last year, without some of the frills to which I have referred, will cover such points as these: Limitation of the amount that may be spent in a constituency; books and detailed accounts to be kept by an official; the detailed accounts to be incorporated in a return to be sent to the chief electoral officer—not, as is the case at the present time, to be sent to the returning officers and hidden away; the chief electoral officer to examine all returns and make inquiry if necessary; the chief electoral officer to make reports to the Speaker after inquiry made; the chief electoral officer to publish summary returns in the *Canada Gazette* and a similar summary in the blue-book; and lastly, national and provincial federal organizations to keep detailed accounts and make returns to the chief electoral officer, and publication in the *Canada Gazette* and the blue-book to follow.

The point I should like to stress here is that if we take even the provisions which already exist in our legislation, and clarify them and strengthen them and extend them to provide for real instead of veiled publicity, we can and will persuade even the unbelievers among the faithful that the law no longer winks at evasions, and we shall be giving

greater satisfaction to the public. It is true, as was said last year by a number of people, that you cannot make people good by act of parliament. You cannot by act of parliament prevent people from committing murder either, but you can by placing laws on the statute book make it inconvenient for him to do so and extremely uncomfortable for him afterwards if he does.

I firmly believe that there is no necessity for all the expenditure which is made in political campaigns. I do not believe that all this expenditure alters one single vote. If the people have made up their minds to vote a certain way, all the money in the world will not change that determination. I also think that this legislation or any legislation such as this cannot be passed unless it has the wholehearted support of every corner of the house and every individual member in it. And I think that support will be forthcoming if hon. members realize that this is a business proposal, that in a simple and practical way it is proposed to put candidates in such a position that they shall be able to resist pressure, and that the law can be enforced with a minimum of evasion. I think we are all sincere in our desire to remedy the abuses and improve the machinery of our present electoral system. The public has a right to assume that the representative whom it sends to parliament has been elected on his own merits and without any suspicion that he is here because he or his friends or his party or his supporters had the longest purse.

If a measure such as is suggested is passed by parliament, its effective operation will be obstructed only by those who in the past have profited by the deficiencies in the existing system; the remainder of the population will, I believe, be extremely glad to have in their hand some weapon to assist them in fighting racketeering in election campaigns, and I am sure that parliament will receive the hearty endorsement and grateful approbation of all who are sincerely interested in the betterment of our social and political conditions.

Hon. H. A. STEWART (Leeds): I am sure the house is very much interested in this double-barrelled resolution. As a member of the special committee of last year on the elections act I desire to address myself very briefly to the subject.

It must be clear to every hon. member that both proposals set forth in the resolution are difficult and complicated. First, as to redistribution I assume we may fairly conclude that there is no intention to bring about a redistribution on the eve of a general election; that the redistribution that has been made will stand, and that the next election, whenever it comes, will be fought on the basis of that redistribution. I take it that the object of the resolution and the bill to be founded upon it is to adopt a different method for arriving at a redistribution of the seats. The minister has very properly pointed out how complicated and difficult that is. We have made considerable progress since the early days when a redistribution was a purely partisan measure. Later the method was adopted of appointing a joint committee representing all parties in the house, and that committee advised a plan of redistribution.

It must be admitted that there are inequalities, but from what the minister has said I think these inequalities are inevitable. When you take into consideration the density of population in some parts of Canada as compared with others, the unit of urban as compared with rural representation, the fact that one province has a fixed number of seats on which the representation in the other provinces is based—all these facts tend to complicate and make difficult the adoption of a fixed unit for a constituency. In taking part in the work of these committees I have been struck by the discrepancies in the province from which the minister comes. I remember on one occasion pointing out some of them and suggesting that they be corrected. The answer I received was that the number of seats in that province was fixed; that it was not necessary to redistribute that province; that conditions had become settled; that these constituencies were now well known, and that therefore they should be left as they were. I do not think that argument is good; nevertheless it prevailed in many instances. The Prime Minister (Mr. Mackenzie King) has laid down the principle that the unit of representation in the cities might very well be larger than in rural districts. That accounts for some of the other discrepancies. Then area has to be taken into consideration. As to whether there should be a commission of judges, or how we could arrive at a redistribution, I am not prepared to say. All these methods have been advocated for the last quarter century, and have been studied; but the committee was not prepared to recommend any change in the existing method. I doubt if the present committee, constituted as it is and having given the subject the study it did last session, would be prepared in the dying days of a parliament to recommend any new method of redistribution. Of course that is only my personal opinion; it may be that I am quite wrong.

Then as to the other feature of the bill to which the minister has referred, I agree that if existing legislation—

Mr. POWER: This really is not a bill; it is a reference to the committee in order that they may study these methods.

Mr. STEWART: That is quite right. I agree with the minister that if existing legislation could be enforced, many of the evils would disappear. There are those who believe that we have about as much legislation now as we can enforce, and that it would be difficult to carry out anything much more drastic. We all agree, however, that if it is possible to correct the abuses, injustices and hardships that are suffered by candidates in these elections, everything possible should be done to bring about that result, and I can see no objection to giving the matter further study. That is the way the resolution impresses me at the present time. Both these questions are very important, difficult and complicated, and I hope a further study of them may bring about some improvement.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, I want to refer briefly to the two recommendations made by the minister, referring first to paragraph (b) of the resolution. The bill which the minister sent to the committee last year in reference to the control of election expenses was not very well received, as he has said. That unfavourable reception did not come from one party only, but from all parties. Feeling that something should be done I made a suggestion to the minister last year which, if it had been accepted and incorporated in the bill, I believe would have gone a long way towards reducing the cost of elections to candidates, and would have been of some help in eliminating corruption, using that word in regard to election expenses that are not reported by the candidates in the returns they forward to the chief electoral officer.

My suggestion was that we should follow the system that is followed pretty well throughout the British empire with the exception of Canada; because I believe Canada is the only part of the empire in which the control of the polls is entirely in the hands of one political party. By this I mean that the deputy returning officer and the clerk, the two officials who control the poll, are appointed in Canada by one political party, but I do not think that situation exists anywhere else throughout the empire.

If the minister will listen to me for a moment, the reason I am referring to this matter is that last year in my opinion—I may be wrong—if the minister had not permitted his views to be expressed to the majority of the committee, that suggestion would have been incorporated in the act.

Mr. POWER: My hon. friend should not say that. He knows that I attended only one meeting of the committee, and that the only time I opposed his suggestion was when it came up in the house. It is not fair to accuse me of influencing the committee when I was not there.

Mr. MacNICOL: If the minister will just listen to me—

Mr. BRADETTE: Never mind the insinuations.

Mr. MacNICOL: I do not need any suggestions from the hon. member for Cochrane (Mr. Bradette).

Mr. BRADETTE: Always insinuating.

Mr. MacNICOL: The hon. member can get up and speak for himself. I do not want any interference from him, and I will thank him to remember that. I am not speaking on this matter for the mere purpose of talking. I think the members of the committee last year will be fair enough to admit that I have made perhaps as exhaustive an inquiry into election matters as any other member of this House of Commons, and I am now presenting to the house my best opinion on the subject.

To resume, when the matter of having in the polling booths two officials representing the two political parties was first presented to the committee last year, I am satisfied that a majority were in favour of it. The matter was considered favourably for some length of time, but towards the end of the meetings of the committee it was definitely outlined that it would not be acceptable, and therefore it was not adopted.

Mr. BOTHWELL: Might I ask the hon. member a question, instead of making a speech on the subject? Is it not a fact that when this subject was first broached in the committee last year different members expressed the desire to have it held over for a thorough discussion later; and that when that discussion took place it was decided not to adopt the suggestion?

Mr. MacNICOL: Perhaps it was something along that line. The committee, in other words, were quite disposed to consider the matter, and it might have carried. I may be wrong in that, of course, for every member of the committee has a right to his own opinion. I will repeat, however, that in my judgment that would be a good method to

eliminate unnecessary expense and certainly a lot of corruption. For instance, in my own case I did not have a scrutineer at the last election. Why? I determined that I would not pay a scrutineer; I could not, when making the return of my election expenses, take the oath if I had done so and the scrutineer had voted. Therefore I did not have a scrutineer. And when my election expenses were sent in to the returning officer every cheque issued for the payment of election expenses had a voucher attached to it. My return was one hundred per cent true. In the last election many members of parliament had scrutineers. I am not going to make any comment on their having done so, but I believe it was an infraction of the act to vote them.

Mr. POWER: Would my hon. friend cite the section of the act to which he refers?

Mr. MacNICOL: Well, they had to be paid.

Mr. ROSS (Moose Jaw): We never have paid scrutineers.

Mr. MacNICOL: The conversation passing back and forth across the floor is in the jocular manner in which the minister spoke of this matter a moment ago. Every one of us knows that there are many elections which have cost many thousands of dollars and which have been reported to the returning officer as costing only three or four thousand dollars. Many expenditures were made for which vouchers were not handed in.

That is one way in which the act can be improved. I have said that I believe Canada is the only member of the British commonwealth of nations which places two officials of the same party in the polling booth. In England the polling booths are not under the control of the parties; they are largely under the control of the municipalities. In Australia the officials are appointed with no relation to their politics, and remain in office indefinitely.

I should like to say one further word about Ontario. The minister's remarks about redistribution were general and did not apply particularly to Ontario. There were thirty-one Ontario seats which were not altered in any way during the last redistribution. Everyone knows that we tried to set up certain principles which should be followed, one being that where a town was located on a county boundary it should be placed in the riding in the county to which the reeve attends as a county councillor. I believe there is only one town in Ontario to which that rule does not apply. We tried to adhere to county boundaries, and I think we did very well. We tried to set reasonable population limits for the different ridings. The redistribution called for an approximate population of 44,000 odd for each riding, which was based upon the division of the population of Quebec by 65. But we were obstructed in our efforts and were forced to do two or three things to which any one with reasonable judgment should have been opposed. Where you have a county with a population of 16,000 to 18,000 adjacent to a county with a population of approximately 25,000, they should be placed together. But because of an agitation which arose in a certain part of Ontario during the last redistribution we were forced to allow certain ridings to remain largely as they were.

If this matter is to be referred to a committee I think certain principles should be laid down. I certainly want to support any reasonable move toward a reduction in expenses, and I firmly believe that certain principles should be incorporated into our act to apply to redistributions.

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, I hardly think that this is the time when we should go into the details of the elections act. However, I wish to say a word or two in commendation of the minister for the general principles he has laid down this afternoon as to how elections should be conducted in the future. I do not intend to say very much about the elections of the past.

When the minister speaks of a substantial reduction in the cost of elections, I am sure he strikes a responsive chord in all sections of this house. Elections to-day are far too costly, although I cannot say that with regard to my own or with regard to those conducted by members of my group. Some members of our group have conducted their elections with expenditures of $400 or $500, in some cases even less than that. If candidates in fairly large constituencies can be elected for $400 or $500 there is no reason why it should cost certain candidates approximately $50,000, as has been stated on the floor of this house in the past. I think the candidates themselves may be to blame in this particular regard. If a candidate wants to spend money during an election, it is the easiest thing in the world to find persons who will come along and accept that money for work which they may or may not do.

A word with regard to redistribution. There is no doubt that anomalies exist in connection with the size of some of our constitu-

encies. We have some constituencies with populations of from 25,000 to 30,000 adjoining constituencies with populations of 60,000, 70,000 or possibly 80,000. When the committee gets down to work I think it should be able to fix certain limits with regard to population, so much for an industrial constituency and so much for a rural constituency. I am quite willing to concede that rural constituencies should contain smaller populations than industrial ridings, but I do not think that the disproportions which exist at the present time are entirely fair. However, the committee will have to go into this matter.

As far as the members of this group are concerned, we give our wholehearted endorsation to the principles laid down this afternoon by the Minister of Pensions and National Health (Mr. Power)—or may I also call him the minister of elections?

Mr. R. A. PELLETIER (Peace River): Mr. Speaker, I believe all hon. members of the house noted with satisfaction the enthusiasm with which the minister introduced this motion, and I hasten to assure him that it is with a spirit of cooperation that I rise in my place. I feel, as he does, that this is a step forward which will be well received by the great majority of the people of this country. I desire to congratulate him upon his statement when introducing the resolution, as well as upon the remarks he made last year when he introduced his bill. Last year when he spoke on the same type of resolution he said that there were two points which would be brought up during the course of the discussion. Perhaps I had better deal with them now.

The first was that central campaign funds were necessary and essential. To that I would reply that while they may not be absolutely necessary or essential, undoubtedly they are of some advantage to the public. However important we may think our policies, our pronouncements, our discussions and our debates may be, we must realize that outside of this house and throughout the country there are many thousands of persons who are far less interested in us, in our activities and in governmental activities than they are in the sport pages of the daily newspapers, in the radio or in the movies. I believe with the minister that political funds are necessary to a certain extent. Nevertheless, this question of political funds has caused a great deal of misapprehension, if I may use that word, throughout the country. From time to time we find references as to the effect of political funds upon the political life of our country. I should like to cite the words uttered by the minister last year as reported on page 2027 of *Hansard*. He said:

Undoubtedly there is growing throughout the country a contempt for politicians and distrust of certain phases of party politics. There is a belief firmly implanted in the minds of many thoughtful men that the result of electoral campaigns is not a true reflection of the views and opinions of the people, but that these views and opinions have been influenced by propaganda and sometimes by corrupt and corrupting funds raised by people who hope to profit by the advent to, or the maintenance of one party or another in, places of power and responsibility.

The minister believes, and I believe, that this will meet with the approval of the vast majority of the people of this country. A motion is now introduced to set up a committee to recommend amendments to our present law so that it may never again be said that Canada has such a thing as corrupt political funds. That is why this committee is being appointed.

Political campaign funds are being discussed from time to time by various people and by the press in this country. Only the other day I happened to come across an article in the *Saturday Evening Post,* which in its issue of February 4, 1939, speaks of a person, a United States citizen, I believe, whom they call "Sell 'Em Ben Smith." He is now head of Thomson and McKinnon, which the *Saturday Evening Post* describes as:

—an old, respected, profitable, Wall street stock brokerage house.

It goes on to say that Sell 'Em Ben Smith:

. . . succeeded his friend, Jack Bickell, on January 1, 1939. Smith and Bickell are partners in Wall street and in Canadian gold mines as well.

He is also, according to this article in the *Saturday Evening Post,* a heavy contributor to the campaign funds of President Roosevelt. I do not know that there is anything wrong about this gentleman coming to this country. Nevertheless it is known that he has contributed to political campaign funds elsewhere, and now we find him visiting Canada from time to time. I say this not because I believe there is something wrong about it, but because I believe it is time that we protected our own interests in Canada and that we avoided any suggestion of anything wrong being done in this country with respect to campaign funds. That is why I particularly welcome the motion the minister has introduced.

Apart from that, there have been what the Prime Minister (Mr. Mackenzie King) likes to call allegations throughout this country about campaign funds. The most recent and notable examples are certain articles which

appeared in the daily papers published in the city of Ottawa. Not long ago on its front page the *Citizen* carried a notice to the effect that there was need for a judicial inquiry to get campaign fund facts. The article went on to make various statements on the front page, when a thing like that is published abroad it tends to give the impression to the public at large that there is something absolutely wrong with our present system of campaign funds.

Mr. BOTHWELL: What is the date of the publication?

Mr. PELLETIER: March 3, 1939. I am not sure if that is the issue in which this notice appeared on the front page, but the issue of March 3 carries an article exactly similar to that which appeared on the front page either the day before or the day afterwards.

Mr. BOTHWELL: Is it a letter?

Mr. PELLETIER: No, an editorial, entitled "Need of judicial inquiry to get campaign fund facts." From time to time also in the same newspaper there have been articles to the effect that campaign funds were bedeviling Canada. An editorial appeared, for instance, on March 7, 1939, in the course of which statements like this were made:

> For years the bottom of the St. Lawrence river has been dredged below Montreal in a continuous outpouring of public funds. One result of this dredging has been to lower the water level in Montreal harbour more than seven feet as compared with the level before dredging started. Evidence of this wasteful result of dredging has long been available to both parties, but they say nothing about it. A judicial inquiry into the relationship of patronage politics to dredging contracts would startle Canadian taxpayers.

Articles of that kind travel throughout the length and breadth of this country. Again, last year, during the debate on the address, the then leader of the opposition, Mr. Bennett, made certain statements which were characterized as allegations or vague rumours to the effect that levies were common in connection with contracts of the Canadian National Railways. Desiring to render a service to the people of this country by dispelling such rumours I brought forward a motion at that time calling for an investigation of these matters, but the Prime Minister told me that the manner in which I had proposed my motion was calculated to involve the fate of the government if put to a vote, and suggested that if the question were brought forward in such a way that members would feel free to support or reject the motion, he would welcome it. Let me make that quite clear. I have taken the trouble to search *Hansard* of last year for the exact words the Prime Minister used on that occasion. At page 464 he said:

> We are only too anxious to see that our electoral laws are made as effective as possible to prevent anything in the nature of corruption. The government intends, in pursuance of its promise at the last session, to deal with the franchise and with the electoral laws again this year, so there will be an opportunity for all hon. members to come forward with any suggestions which they may have, any concrete, practical proposals which they may care to make. The government will be glad to consider any such proposals. I here and now invite hon. members, instead of wasting their time in doing what they can to defame the institution of parliament and democratic government in this country, to come along with practical suggestions whereby we can prevent in the future anything of the kind which they to-day are imagining has taken place in the past, or which actually may have taken place in the past.

So that the proposal I intend to make to-day in the form of an amendment to this resolution is really the result of a call from the Prime Minister to every member of the house to lend his assistance to the government so that these things which he called shadows may forever be dispelled from the minds of the people.

I know for a fact that editorials and articles such as those to which I have referred to-day have rankled in the minds of various members of this house. Just the other day the present leader of the opposition (Mr. Manion) criticized bitterly the attitude of certain newspapers in this country. He said at page 1440 of *Hansard*, speaking of the Ottawa *Citizen:*

> That newspaper has made certain statements in the last two or three weeks and I suggest right now to the Prime Minister (Mr. Mackenzie King) that the editor should be brought before the bar of the house and be required to give, what I know he cannot give, one tittle of evidence that either the party opposite or this party has collected money improperly.

He went on to refer to statements that had been made by the *Citizen*, and replying to him the Prime Minister said that he agreed with him in certain particulars, especially with reference to certain newspaper editorials. Furthermore the Prime Minister suggested that he would request the public accounts committee to summon this writer before it, then and there to give under oath any evidence he might have. I believe the Prime Minister suggested the public accounts committee simply because at that particular time there had been a fuss made about a certain contract given by the Department of National Defence. It was well known and thoroughly understood by everyone concerned that there was no suggestion of political corruption

involved in this contract, but because, I believe, these articles had appeared at that particular time the Prime Minister suggested the public accounts committee. If I remember correctly the government had not then given notice of the resolution which we are debating to-day, and perhaps up to then it had not been the intention of the government to move any such resolution as this with respect to campaign funds. I suggest, Mr. Speaker, that if we are going to try to do away with corruption, the best place to investigate these matters is not before the public accounts committee but before the special committee on elections contemplated in the motion brought forward to-day by the Minister of Pensions and National Health (Mr. Power).

These are matters which I believe we should consider in connection with the motion now before the house. However, I do not believe what I have said so far is the strongest argument which I could use in support of the amendment which I desire to propose. The motion provides that a special committee consisting of certain members be appointed to study and report on the following subjects: (a) methods of redistribution; and

(b) Methods whereby: (I) the source and disposition of sums received and expended in promoting the return of members of the House of Commons may be readily traceable; (II) publicity may be given to all receipts and expenditures in connection therewith; (III) the cost of elections to candidates may be reduced; (IV) the amount that may be spent by or on behalf of a candidate in his election campaign may be limited.

I know it is the sincere desire of the government that the committee charged with the responsibility of bringing back to the House of Commons the recommendations which they seek, should have the greatest possible latitude so as to bring back the best possible report. I know it is the intention of the minister, of the government, and as a matter of fact of every hon. member, to bring about such conditions in Canada that allegations and vague rumours will no longer appear in this phase of our national life.

Last year, in the course of a debate very similar to this, the Prime Minister was very resentful about the fact that he had not been given any notice of the amendment. He stated at that time that he had relied on certain rumours which he had heard in the corridors of parliament. My desire being, as I said at the beginning, to cooperate with and assist the Prime Minister and the minister responsible for this motion, I took the trouble this year to send the ministers a copy of my amendment several days ahead of time so that they would not have to rely on rumours in the corridors of parliament but would be fully notified as to my intention concerning this matter. The amendment is to the effect that we should have greater latitude in the way of gathering the information which this committee should have in order that it may bring in a better report. In this amendment I have referred to a definite period of years within which, I suggest, investigations should be made. I have fixed ten as the number of years, and my purpose in doing that is that we may embrace the newer political parties. I should not want it to be said that the Social Credit party were not called upon to do what other parties, new or old, were required to do. I should like all of them to be treated as on an equal basis. For that reason I have provided sufficient time to go back to the very beginning of these movements, so that they may be included in any investigation which will take place.

After all, when it comes down to investigating the matter of donations to political parties, I believe the Prime Minister has agreed from time to time that such action is quite proper and wholly in order. He went further; he said last year that not only was there one man responsible for gathering party funds but that as far as his own party were concerned they kept a whole committee to do that very thing; the record of that statement is on the pages of *Hansard*. The then leader of the opposition felt the same way about it. He related various circumstances of which he knew; and he insisted that certain parties contributed to political funds in the same way that they would contribute to their church. One man in particular said that his mother had taught him that, of every dollar he earned, there should be first a certain portion for the church, and second, a certain portion for the political party to which he belonged. In view of the attitude taken by the former leader of the opposition and the present leader of the government, no one should hesitate to come forward and give this committee which it is proposed to set up the information which is desired by all in order to facilitate its task. I move, seconded by Mr. Fair, the following amendment to the motion:

That the motion be amended by adding the following words immediately after the words "special committee" in the last sentence of the motion:

"in order to facilitate the carrying out of instructions contained in paragraph (b) of the resolution, have power to investigate the amounts of contributions held at various times by various federal political parties, or party assistants on behalf of such parties, in Canada,

for the past ten years, the sources from which such contributions came and the dispositions from same contributions of all sums of one hundred dollars or over, and . . ."

I believe that the house, the Prime Minister and the government will be only too glad to adopt this motion. By doing so we shall dispel rumours, we shall put on the table the cards we have at our disposal, and no one in future could write articles such as have been written recently. There would be no such thing as allegations or vague rumours, and it no longer would be necessary to get up in the house and plead in defence of the honour of the house itself or of any particular hon. member.

As I have said, Mr. Speaker, I do this at the indirect request of the Prime Minister. Last year he invited us to assist him in order to help the House of Commons to do away with these vague rumours, and I believe that he will receive my sincere effort at cooperation in the spirit in which I move this amendment.

Mr. ROBERT FAIR (Battle River): As a member for the past three sessions of the committee on elections and franchise I want to express in my first words commendation of the Minister of Pensions and National Health (Mr. Power) for having brought in this resolution. Last year, as the minister has pointed out, the question was before the committee, but because of lack of time we had to leave it over for the time being. I am very glad that he has brought it up again this year. I hope that his colleagues will see to it that the appropriate measure is brought forward and carried to a successful end in the spirit in which the minister has presented the matter to-day.

I cannot agree with everything the minister has said in commenting upon certain things which have happened—for instance, as to free liquor at election time. I had the pleasure of visiting Saskatchewan last year during the provincial election, and free liquor was one of the big things in that province. Again, those who went to Edmonton East during the federal by-election know that many other free things were in evidence right there in Edmonton.

Mr. McLEAN (Melfort): Did the liquor come from Alberta, along with the promises?

Mr. FAIR: You can go to the provincial by-election in Athabaska and find out about the free liquor, the free dances, and free music which were in evidence. The hon. member for Melfort (Mr. McLean) has mumbled something, and I could tell him about something which happened last June, or about the end of May, very close to his home, during the provincial campaign. If he wants to find out anything in connection with Saskatchewan he does not have to go far from his own doorstep. He will find plenty right around there—enough to satisfy him.

Mr. McLEAN (Melfort): Very smart. If there was any liquor there, you brought it.

Mr. BRADETTE: Promises and liquor.

Mr. McLEAN (Melfort): We are long past that stage.

Mr. FAIR: If I might have the attention of the house I would tell the hon. member for Melfort that I do not touch liquor, and I did not bring any into his constituency. The Liberals saw to it that there was plenty of liquor on hand—and free, at that.

Apparently the Minister of Pensions and National Health believes that open confession is good for the soul. If we are to believe everything the papers tell us, he is soon to go to that haven of political rest, and will not need to worry about political contributions. If he goes there I certainly wish him happiness—just so long as the country sees to it that that haven is put up with.

We are told that too much money is spent in connection with the election of certain members. I am not going to specify any member in particular, but I believe I could tell of one whose election on one occasion cost $70,000. I understand a member draws something like $4,000 as indemnity, and when we realize that $66,000 above the amount of the indemnity was spent to elect that man, then we must believe that somebody, somewhere, was possibly contributing some of that $66,000, expecting to get something in return.

Statements have been made in the house since I have been a member which, while not offered as definite charges, have included some very strong allegations and are sufficient, I believe, to lead anybody to the belief that this measure should be put through. Not only should the measure pass, but it should have teeth in it to make it effective. If hon. members cannot be elected without corruption, then we cannot expect anything but corruption in connection with some of the legislation which comes before the house.

I would recommend that members come here free of party or contributory funds. In that way we would probably have better legislation and a better Canada than we have to-day. The conditions which exist are the result of operations within the parties which have held office for a number of years, and I must say that they are conditions of which

I am ashamed. If a change in our election practices will bring about better conditions for the people of Canada, then let us have that change, and have it now.

Mr. C. E. BOTHWELL (Swift Current): Mr. Speaker, I listened attentively to the observations of the minister in presenting the resolution. It does seem to me that since last session an effort has been made to provide something on which the committee which is being set up may work. As chairman of that committee for the last three sessions of parliament I must say that I believe every member was most anxious at each sitting to do the best he could to see that the elections act was brought to the point where it would be the most effective act we have ever had in Canada dealing with this subject.

The Political Expenditures Act came to the committee towards the close of the session. It was under discussion at two or three sittings, and although most committee members expressed themselves in sympathy with the idea, some of them were not altogether in favour of the terms of the bill. It was for that reason the resolution which passed the committee was worded in the terms quoted to-day. We recommended and expected that a committee would be set up this year to further study the principles embodied in the bill, and I believe I am safe in saying that every member of the committee was more or less in sympathy with the suggestions made by the minister to-day, although possibly not in all cases with the details.

When the committee is set up I believe it will have the duty of considering all the suggestions which can be made by the minister and other members of the committee who have studied the political expenditures measure, and by others from whom the committee can get further information which may be required.

I need hardly say every hon. member realizes that the first part of the resolution requires considerable study. I refer, of course, to the paragraph dealing with methods used to effect a redistribution. In 1937 the committee had the opportunity of devoting considerable time to a discussion of this problem, and although they did not report, it was not, as suggested by the hon. member for Leeds (Mr. Stewart), because they could not come to a finding. They believed the matter would have to be returned again to the committee for further study. From the discussions which took place with respect to redistribution, it was my opinion that an arrangement which would be a substantial improvement over the method now in vogue could be arrived at.

With respect to paragraph (b) of the resolution, and the amendment moved by the hon. member for Peace River (Mr. Pelletier) I can say only it does seem to me that the speech of the Prime Minister (Mr. Mackenzie King) part of which was read to the house to-day, and as we listened to it last year, expressed the very opposite of the interpretation the hon. member for Peace River has placed upon it. The amendment proposes that a committee of the house inquire into contributions which have been made to campaign funds over the last ten years, and ascertain the effect and influence of those contributions, where they were spent, or what disposition was made of them. Well, why stop at ten years? If we are going into an investigation of that kind we might as well go back to confederation. It seems to me the only object the hon. member can have in mind in asking the committee to make an investigation of that kind, in connection with the paragraph which refers to the "methods whereby the source and disposition of sums received and expended in promoting the return of members of the House of Commons may be readily traceable"—or the second, third or fourth subparagraphs in that paragraph—is that the group to which he belongs may gain something which would be of assistance to them. Surely nothing can be gained by investigating the source and disposition of campaign funds for the last ten years, or any other period. If there have been any specific dredging contracts which should be investigated, as referred to in the article quoted, there is ample provision in the rules of this house to enable that to be done. But it is impossible for a committee to do anything as a roving commission such as this amendment proposes.

Mr. LANDERYOU: What is the hon. member afraid of?

Mr. BOTHWELL: Afraid of nothing. Since the hon. member asks that question, I am free to admit that in the past campaign funds have been used by every party that asked for the votes of the people, whether they called it a campaign fund or anything else. But is there any difference in principle between the man who contributes ten dollars towards the expenses of a campaign when he is not able to give personal service, and the man who drives his car and spends days or perhaps weeks campaigning for some friend or in the interests of the party that he believes is going to give the best government?

Mr. DOUGLAS (Weyburn): There is a difference when a corporation gives a large sum of money.

Mr. BOTHWELL: I can see no difference between those two men. Many people have not the opportunity to spend time in campaigning, or perhaps have not the ability to do so. As far as my experience goes, it costs the man who spends his time in that way a lot more than the few dollars another man may contribute to help put over a campaign. I can see no difference in the principle.

To go back over a period of ten years and investigate all the contributions of over $100 made to any political party in this country, and to find out the disposition of them, I feel confident would take a commission with such roving powers several years, even to make a fairly decent interim report. Everyone admits that there have been campaign funds in the past—

Mr. LANDERYOU: Is no record kept of these campaign funds?

Mr. BOTHWELL: I can speak only for my own constituency. As far as the campaign is concerned, the official agent files his return of contributions received by him. The candidate himself has to make a report of his own expenses and any moneys that came into his hands; as to any money that comes to the central fund, if I might so term it, of any of the parties, I have never seen any record of it. I do not know whether there is any central fund or not in any party. I never have personally received any money from any central fund belonging to the party to which I owe allegiance, and I do not know of any person else receiving any contribution from any central fund of any other party. In any event surely nothing can be gained by going muck-raking over the past ten years.

What this committee has been endeavouring to do during the past three sessions of parliament is to work out an elections act which will clarify everything pertaining to elections, simplify them, make elections less costly. As far as the cost to Canada is concerned, under the Dominion Elections Act we have succeeded in reducing it by a substantial amount and if we can now insert provisions in the act which will save money for the candidate, the object is certainly a worthy one. The resolution itself covers all that we need do.

I have been wondering whether the campaign funds that have been spoken of by hon. members ever had any more influence in an election than the promise of $25 a month that was made in two elections that I know of.

Mr. LANDERYOU: What is wrong with that?

Mr. BRADETTE: What a conscience you have!

Mr. BOTHWELL: I believe it had a great deal more effect than any campaign funds I ever knew anything of in the constituency I have the honour to represent.

Mr. LANDERYOU: Your minister does not agree with you; he said money has no influence.

Mr. BOTHWELL: Well, that $25 a month was to be a continuing thing, practically putting a man on a pension.

As far as I can see, no committee of this house could possibly carry out the terms of the amendment proposed. If I am to be a member of that committee I am ready and willing to spend all the time possible and whatever ability I have in an endeavour to put into effect the objects aimed at—not in the exact form enunciated by the minister; I am not admitting that everything he said is correct. I believe it is a matter that will require days and weeks of study by the committee; nevertheless I am prepared to do my share in trying to achieve the objects aimed at by the political expenditures bill of last year.

The hon. member for Davenport (Mr. MacNicol) seemed to be of the opinion that the committee were ready to adopt a suggestion made by him that the deputy returning officer and the poll clerk should be of different political stripe. As chairman of the committee of last year I may say that I did not gain that impression. The matter came up for discussion, several hon. members spoke on it, and then it was simply tabled for later consideration. The report of the evidence contains pages of discussion on it, but the committee decided not to adopt the suggestion. The political expenditures bill, so far as I know, had no influence on the action of the committee in that regard.

I also understood the hon. member for Davenport to say that the situation in the province of Quebec as to the number of voters in various polling subdivisions did not apply to Ontario.

Mr. MacNICOL: I made no reference whatever to the province of Quebec. I did refer to Ontario.

Mr. BOTHWELL: I just noticed the hon. member was not in his seat for a moment. I have the figures here for Ontario. In Ontario the smallest rural constituency has only 11,073 electors, whereas the largest has 47,870.

Mr. HEAPS: What is the population of those constituencies?

Mr. BOTHWELL: The populations are 18,666 and 88,597 respectively.

Mr. MANION: What are the names of the constituencies?

Mr. BOTHWELL: Glengarry and Nipissing. Then in regard to urban constituencies, the smallest one—or as closely as we could get it in our investigation—is Danforth, with a population of 41,824 and 29,034 electors. On the other hand Spadina has a population of 82,127, with 52,160 electors. I just mention that to show that the situation described by the minister in regard to the province of Quebec exists in Ontario also, and we can go right across Canada and find the same thing in other provinces.

Mr. MacNICOL: If I might interrupt my hon. friend for a moment, I said there were conditions in eastern Ontario, and perhaps western Ontario as well, to which I was opposed and to which other members of the committee were opposed; but we were compelled to allow the ridings to remain as they were because of an agitation that was carried on to retain representation for seats such as Glengarry. We wanted to place Glengarry and Stormont together; we wanted to join Russell and Prescott, but we were not allowed to do so.

Mr. BOTHWELL: I just wanted to explain that.

Another matter which was brought up in connection with redistribution was the relationship between urban and rural constituencies. I believe every member of the committee was convinced that the urban constituencies should be considerably larger than the rural constituencies, and the evidence taken contains figures as to the relationship in other parts of the empire between rural and urban constituencies.

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, I do not believe the hon. member who has just taken his seat (Mr. Bothwell) speaks with authority; for he said he had no knowledge of any central campaign fund. If he has no such knowledge I do not see how he could be in a position to state that an investigation covering the last ten years would take up so much time or be so difficult as he suggests. The amendment reads:

> In order to facilitate the carrying out of instructions contained in paragraph (b) of the resolution, have power to investigate the amounts of contributions held at various times by various federal political parties, or party assistants on behalf of such parties, in Canada, for the past ten years, the sources from which such contributions came and the dispositions from such contributions of all sums of one hundred dollars or over . . .

Surely in the committee it would not be very difficult to establish whether or not there was a central campaign fund; surely it would not be difficult to establish whether there are any records as to the amount of money paid into and paid out of such central fund. Surely it would not be difficult to establish whether or not it is true that large industrial and financial institutions make contributions to this fund and whether or not they expect to get anything in return for the large contributions that it has been suggested they make from time to time. So I do not see that this would be such a tremendous undertaking. Surely the muckraking to which my hon. friend referred would not extend to such proportions that it would be impossible to make an investigation into it. I do not even suggest that it would necessitate muckraking, but those are the words of my hon. friend.

Mr. BOTHWELL: Does the hon. member think it would be possible for a committee of this kind to find out what influence a certain contribution to a political party, if it was ever made, had upon the dredging contract in the St. Lawrence river?

Mr. LANDERYOU: There is nothing like that contained in the resolution. There is no suggestion that there should be an investigation into campaign funds in respect to the dredging of the St. Lawrence river.

Mr. BOTHWELL: It refers to dispositions from such contributions.

Mr. LANDERYOU: I ask my hon. friend just how he reads that into the resolution.

Mr. DUNNING: The mover spoke of that as one reason for his resolution.

Mr. LANDERYOU: He was just referring to an editorial to show the need for an investigation into this matter. I believe the hon. member who moved the amendment will agree when I say that he wants to establish whether or not there is a central campaign fund; whether or not there is any record of this fund; whether or not the fund has been audited, and so on. Surely these vast sums of money are not paid into a fund with no record being kept. I am not even suggesting that there is a central campaign fund, though many have declared that to be so.

Mr. MARTIN: Assuming that this amendment were in order and that it were carried, would the hon. member be prepared to ask

the premier of Alberta to explain what was done with the $100,000 voted by the legislature of Alberta for propaganda purposes, which we all know went to help elect Social Credit candidates in Saskatchewan?

Mr. LANDERYOU: That, Mr. Speaker, is a deliberate falsehood. Further, I am prepared to say—

Mr. SPEAKER: I think the hon. member must withdraw that expression. I do not believe it is parliamentary.

Mr. LANDERYOU: I simply ask the hon. member to confine himself to a statement that can be accepted by us as the truth.

Mr. MARTIN: I assume, Mr. Speaker, that in saying it was a falsehood the hon. member wishes to withdraw any innuendo that might be understood.

Mr. REID: We believe it, anyway.

Mr. LANDERYOU: If my hon. friend desires an investigation into the affairs of the province of Alberta—

Mr. MARTIN: No, I was simply asking the hon. member to do what I know he will do, withdraw any suggestion that I was guilty of a falsehood.

Mr. LANDERYOU: I will withdraw any suggestion that the hon. member himself was guilty of a falsehood, though the statement he made was not true. In fact, the premier of the province of Alberta has declared that it is not the truth. Those charges were made in Alberta, and he stated that they were wrong. I ask my hon. friend upon what he bases that remark. Is it on rumours, or newspaper clippings?

Mr. SPEAKER: Order. I do not think it proper for the hon. member to ask questions of this kind. The house is not in committee, and it is not proper to put questions across the floor at this time.

Mr. LANDERYOU: Then may I say to my hon. friend and to the house that we do not hesitate to say that we want a complete investigation into all these matters, if you want to extend it that far, though I believe the investigation should be confined to the affairs of this parliament. In regard to the promise hon. gentlemen opposite claim we made the people of Alberta in regard to the payment of $25 a month, I should like to see that matter referred to the banking and commerce committee or some other committee for investigation, because it is right in line with the promises made by the Liberal party that they would issue currency and credit to meet the needs of the people. I think there is no doubt the people of this country are in need of increased purchasing power. We can debate the amount, but I do not believe $25 is too much to suggest.

I hope in this amendment we shall have the united support of all hon. members of the house. I believe it would clear the air and would indicate our sincerity in this matter. It would disclose possible information which would be very valuable to us in drafting amendments to the bill itself.

Mr. J. S. TAYLOR (Nanaimo): Mr. Speaker, I am assuming that the minister was absolutely sincere in what he represented to us this afternoon. From my point of view, this resolution marks a tremendous advance in our political life, and I think we ought to accept it as such. Inherent in every man is a suggestion of sadism, sometimes physical and sometimes intellectual. I deplore the suggestions that have been put forward in this house that we should rake over the coals of the past. If we have been playing with cards having unequal angles, the new deck about to be distributed is the one with which we shall work in the future. I call for a clean sweep. I should like to see absolute purity in the whole of our political life. I definitely associate myself with the minister's resolution and announce my opposition to the amendment.

Mr. W. H. GOLDING (Huron-Perth): Mr. Speaker, in connection with the statement made a short time ago with reference to the promise to pay a monthly dividend of $25 in Alberta, I may say that during the election in that province I had sent to me some of the literature which was used by study clubs and other groups throughout the province prior to and during the election campaign. When Mr. Aberhart, the premier of Alberta, was in our town, last December, he made the following statement—

Mr. PELLETIER: Having absolutely no objection to any hon. member discussing the $25 per month dividend—

An hon. MEMBER: You have no objection!

Mr. PELLETIER: I rise to a point of order. I maintain that we are not now discussing any particular item of political corruption. We are discussing an amendment, and what the hon. member is now saying is somewhat akin to a reference to political corruption along one particular line. That could be investigated by the committee when the time comes.

Mr. SPEAKER: I do not consider the hon. member has stated a point of order.

Mr. GOLDING: I have no desire to violate the rules of the house. I think this statement should be on the record. I was pointing out that when he visited his home town, Mr. Aberhart made a certain statement, according to the following report:

In an interview, Mr. Aberhart denied ever promising a $25 a month dividend to Albertans. He had told audiences he saw no reason why a dividend shouldn't be paid and that he thought this dividend shouldn't be less than $25 a month. Dividends will only be paid, he said, out of a surplus created by Alberta's natural resources.

Mr. LANDERYOU: May I ask my hon. friend—

Some hon. MEMBERS: Order.

Mr. LANDERYOU: On a point of order, Mr. Speaker—

Mr. SPEAKER: What is the point of order?

Mr. LANDERYOU: I want to know what the hon. member is quoting from.

Mr. SPEAKER: The hon. member said he was quoting from a report of a statement made by the premier of Alberta.

Mr. GOLDING: I am quoting from the London *Free Press*. This is a report of a statement by Mr. Aberhart when he visited our town last December. He went on to say:

Never will any dividends be paid from taxation. That only impoverishes one group to satisfy another.

I have in my hand a pamphlet which was sent to me by none other than the premier himself.

Mr. LANDERYOU: What is wrong with that?

Mr. GOLDING: I should like to read it. This is headed:

Study Group Feature No. 3. Purchasing Power in the Hands of the Consumers.

There is an introduction here; I do not know whether I should read it.

Mr. LANDERYOU: Read it.

Mr. GOLDING: I shall be glad to put it on *Hansard*, but I want to read one part of it. This is what was sent out to the study clubs which were studying social credit.

Mr. BLACKMORE: Let us hear it.

Mr. GOLDING: It goes on to say—

Mr. LANDERYOU: On another point of order, Mr. Speaker; what is the hon. member quoting from?

Mr. DUNNING: The hon. member told you.

[Mr. Speaker.]

Mr. SPEAKER: I understood the hon. member to say he was quoting from a circular which he had received from the premier of Alberta.

Mr. GOLDING: I should like to put this whole circular on *Hansard* so that hon. members can see for themselves what it says.

Mr. SPEAKER: That can be done only with the unanimous consent of the house.

Mr. LANDERYOU: Unanimous consent.

Some hon. MEMBERS: Put it on.

Mr. GOLDING: This is the circular:

Study Group Feature No. 3
"Purchasing Power in the Hands of the Consumers"

Introduction.

A. It is quite evident that mankind has solved the problem of production. We live in the age of plenty.

1. But in spite of this, the paradox is ever before us. We have poverty in the midst of plenty.

2. The great problem is to place purchasing power in the hands of the consumers.

Body.

A. A solution is being suggested in two ways—

1. Remove the surplus by exporting or sabotage.

(a) This will create the need of more goods and industry will hire more employees.

(b) Who will pay for goods destroyed?

(c) For the last few decades there has not been sufficient purchasing power to buy the goods produced. So the trouble will at once return.

2. Create employment by beginning an immense system of public works.

(a) This will give purchasing power without creating more consummable goods.

(b) Where will we get the money to finance these public works? Our debts are now high enough.

(c) Furthermore how long will we be able to provide public works to be done.

B. There is only one remedy.

(1) Through the agency of basic dividends granted to every bona fide citizen we shall give purchasing power sufficient to buy the bare necessities of food, clothing and shelter, without basing the same on work, but the unearned increment of social credit.

(2) This will be distributed through credit houses at which monthly a credit pass book will be presented by each citizen and an entry of $25 will be made.

The citizen will then be able to pay for purchases by a non-negotiable certificate ordering the transfer of the credit to another.

The process will be largely a matter of bookkeeping.

(3) For travelling in other parts of Canada and small purchases at home. Dominion currency will be supplied by the credit house, upon the presentation of a non-negotiable certificate for the amount.

(4) No citizen will be allowed to overdraw on his account without special arrangement for same.

(5) Salaries, wages and commissions, etc., are in addition to these basic dividends.

A. These dividends will be paid to the individual man or woman, married or single, and each will have full authority over same.

(1) Young people reaching the age of seventeen and continuing educational training of any kind will be given $5 a month. This amount will be increased by $5 a month at each succeeding birthday until the full dividends of $25 will be secured.

(2) Anyone handicapped physically or mentally may be given a bonus dividend.

(3) To prevent exploitation of the country's resources, citizenship must be carefully protected from unworthy individuals.

(4) No citizen shall be allowed to barter away or otherwise dispose of his basic dividends and thereby become a vagabond or tramp with no fixed place of abode or with no means of sustenance.

Any one who understands the English language cannot help but see that there is mention there of certain sums of money—$25 for adults and $5, $10, $15, $20 and $25 for young people over the age of seventeen years. In that campaign a promise of the payment of a $25 dividend was made, and if that is not bribery I do not know what I am talking about.

Hon. C. G. POWER (Minister of Pensions and National Health): With respect to what has been said by the last two or three speakers, I am under the impression that the amendment moved by the hon. member for Peace River (Mr. Pelletier) is not quite in order. I am not raising that point at the moment, but perhaps shall do so a little later. It brings up questions which are entirely new issues, and has nothing to do with the motion which has been placed before the house. In any event I am at a loss to understand just why this amendment is moved.

I have here extracts from *Hansard* which perhaps I had better read, indicating that in all quarters of this house there is an appreciation of the fact that there are campaign funds. Last year in the course of the discussion I myself said that there were campaign funds, and that they were necessary, and I discussed in this house quite frankly the question whether or not the publicity of campaign funds would dry up their sources. There never was in mind any hiding of the fact that no political party can get along without some financial support. Mr. Bennett, at page 36 of *Hansard* of January 31, 1938 is reported as having said:

Contributions to political parties are not in any sense censurable.

And he went on at great length along the same line.

The right hon. leader of the government (Mr. Mackenzie King) as late as March 1, 1939, said:

Campaign funds are necessary for the purposes of an election. Is there anything wrong with securing funds to help to propagate the principles in which one believes?

I have many other extracts from *Hansard* which tend to show that nobody denies the existence of campaign funds.

My hon. friends of the Cooperative Commonwealth Federation party also admit that there are campaign funds. They admit also that they require them. I have in my hand a clipping from the Vancouver *Province*, an advertisement entitled "The C.C.F. makes a frank appeal to you." In the advertisement there is a picture of my hon. friend the member for Winnipeg North Centre (Mr. Woodsworth). The appeal is made through Arnold Webster, First Vice-President, and it says:

I wish to address very briefly C.C.F. supporters throughout British Columbia—especially the thousands of sincere men and women who for one reason or another are not active members of our organization.

Many of you, at different times, have said something like this: "You know I can't safely associate myself with the C.C.F. My job makes that impossible, but I believe thoroughly in the cooperative idea; in fact, I'm with you and Mr. Woodsworth 100 per cent. If I can ever help the movement, let me know."

Mr. Webster apparently continues:

Well, I'm making that appeal to you now.

There will be a federal election this year. In every one of the sixteen constituencies in B.C. the C.C.F. will have a good chance of victory if we are able to carry out the preliminary organizational work that is required.

You know, of course, that the old parties do not bother ordinary folk with such requests for money. Those who are making large fortunes out of the work and wealth of others will gladly contribute thousands of dollars to the campaign funds of the Liberals and Conservatives—

I wish they would only bring them along, and I am sure the leader of the opposition would be glad to see some of them.

Mr. MANION: I should be very glad.

Mr. POWER: The advertisement continues:

—and, as a result, control their policies and their decisions.

Against these privileged groups stands the C.C.F., the one important movement to-day that reflects the best in the hearts and minds of the common people of Canada.

We are beginning now to plan this year's campaign. Will you help us?

Money is needed to purchase radio time, to prepare attractive literature, to send organizers into neglected areas—to do the hundred and one things necessary to assure the success of C.C.F. candidates.

I wonder what else the other parties do except the one hundred and one things necessary to ensure the success of their parties. It goes on:

Many of you, no doubt, will wish to share in the work of building a strong organization in this province in preparation for the 1939 election.
You can make a direct contribution or pledge—

Something like a twenty-five dollar promise, probably.

—a set amount per month and contributions will be privately acknowledged and remain confidential.

Some hon. MEMBERS: Oh, oh.

Mr. POWER: It continues:

All contributions should be sent to . . . Herbert Gargrave, provincial secretary, at C.C.F. headquarters, Holden building, Vancouver, B.C. Help the C.C.F. to help you.

Mr. TAYLOR (Nanaimo): To which member of the Cooperative Commonwealth Federation party was the hon. member addressing his remarks?

Mr. POWER: To all of them.

Mr. TAYLOR (Nanaimo): I thought he was addressing someone in particular.

Mr. POWER: No. But I may in a moment if my hon. friend wishes. I have in my hand *Hansard* of last year, containing the report of the debate on the address, in which the hon. member for Rosetown-Biggar (Mr. Coldwell), who, I understand, is a prominent member of the Cooperative Commonwealth Federation party, says:

The time has come, in the interests of clean and decent government in Canada, when political parties should be compelled to publish the sources of all their campaign funds.

The deeds of these mighty men make mock of the words they say! Here his own party pledges itself to keep secret and confidential the surreptitious contributions it is going to receive. I wish the Cooperative Commonwealth Federation in the house would be like the Cooperative Commonwealth Federation outside the house—

Mr. COLDWELL: It is.

Mr. POWER: If my hon. friend can show that, doubtless he will.

Mr. COLDWELL: I will.

Mr. POWER: After all his rage, his anger, his indignation, at secret contributions, his party endorses and appeals for these same secret and confidential contributions.

The point I wish to make, Mr. Speaker, is this: The Liberals know there are campaign funds; the Conservatives know there

are campaign funds; and apparently the Cooperative Commonwealth Federation know there are campaign funds.

Now I come to my hon. friends the Social Crediters. There are those of us who believe that it is just as honest for the Cooperative Commonwealth Federation to use the campaign funds, which they have collected in this surreptitious manner, to influence the electors as it is for the Social Crediters to use the electorate's money, the people's own money, to influence them by promises of twenty-five dollars a month. As between the methods evolved by these two political parties I do not think it is for us to judge. If the one condemns the other I shall be extremely sorry, for I sympathize with both. Is that vote to which reference has already been made of $100,000 appropriated in the legislature of Alberta for the propagation of the social credit faith to be considered as a campaign fund or is it not?

Mr. DUNNING: It surely is.

Mr. POWER: If any one of us of the disreputable old parties were to—

Mr. MANION: Speak for yourself.

Mr. POWER: Out of sympathy for my hon. friend the leader of the opposition I claim some kinship.

Mr. MANION: It is only a matter of race.

Mr. POWER: It is a matter of race, and not of politics. As I was going to say, if these so-called disreputable old parties were able to find money so readily and so easily from a vote in the legislature of the province in which they were in power—let us say, for example, that the province of Quebec gave $100,000 to whatever party that province now supports, or let us say that Nova Scotia gave $100,000 for the propagation of Liberal principles—

Mr. ROWE (Dufferin-Simcoe): How about Ontario?

Mr. POWER: —or that this government were to decide to ask this house for $100,000 to propagate Liberalism—I can see my hon. friends in the corner rising up in their wrath, in holy horror.

Mr. LANDERYOU: No.

Mr. POWER: Did my hon. friend say "no"? My hon. friend says he would not oppose it? Some fine day we shall have to put it to the test. I should like him to serve on this election committee and make a suggestion such as that to the committee, and if it were carried, bring it into this chamber and propose it. But whether it is propaganda

carried on under government auspices for one political party or another, it still involves propaganda funds, and my hon. friends have no right to raise their hands in holy horror when other political parties are obliged to find means to carry on their work of education.

What does my hon. friend suggest? He suggests that we should inquire into sources of campaign funds in the last ten years. The reply of my hon. friend who was chairman of the committee last year is that that of itself would take ten years. But leaving that aside, what will the hon. member who makes the suggestion have when he is through with the inquiry? He will have muck-raked; he will have thrown dirt at a large number of people in this country; he will have thrown suspicion on the old political parties; but he will not have advanced to the step at which we are to-day, when we have a bill to remedy these abuses. Does he want muck-raking or does he want action? If he wants muck-raking he can follow the procedure he suggests. If he wants action, he can do, not what he did last year, namely stay away from the committee during most of its sittings, but go to the meetings of the committee and help it with its work. Last year my hon. friend went to six sittings of the twenty-three sittings of the committee. When he saw there was no muck-raking to be done, when he saw there was nothing to foster that suspicion which he deplores, he stayed away. He stayed away when there was real work to be done.

Mr. PELLETIER: Mr. Speaker, on a point of order—

Mr. POWER: I will apologize right away. Sit down. When there was real work to be done he was not there. I am not apologizing for that statement.

Mr. PELLETIER: I want to point out to the minister that I was not appointed to that committee until after it had been established for some time. The minister knows that.

Mr. POWER: I will check that. That is strange. I found, on checking over the record of his attendances, that he was there for the first five meetings and then quit. I will find that in a moment. I think I have it here somewhere.

Mr. LANDERYOU: Let us have the facts.

Mr. POWER: Oh, yes. There is no trouble about that. I will not sit down until I give the information to the hon. member. I took the trouble to look into my hon. friend's record, but if I am mistaken I shall be glad to be corrected. I know he appeared at the first meeting, or perhaps the second; then he was absent for one meeting, and I think he appeared for five consecutive meetings. Here we are: "Mr. Pelletier's atttendance at meetings of the special committee on franchise and elections, 1938: April 26"—which I take to be the first one—"present; April 28, absent; May 2, 3, 6, 11, present; May 12, 13, 17, 19, 20, 24, 30, 31, June 1, 7, 9, 15, 16, absent;- June 17, present; June 21, 23, 29, absent. Twenty-three meetings; absent, seventeen meetings; present six meetings."

I wonder what my hon. friend seeks to accomplish by his motion. I have said that not only is there a piece of legislation which could be studied by the committee, namely the political expenditures bill of last year, which the committee is not precluded from studying, but there are also some suggestions with respect to improvements of the elections act which will be introduced this year. What more does he want? He says he wants to put an end to suspicions and vague rumours. I might suggest to him respectfully that one good way would be for him not to talk about them.

There is little more to say on this matter, except that I do not believe any useful purpose, namely the purpose of putting on our statute books legislation which will curb to some extent abuses that we know exist in connection with expenditures in political campaigns, will be served by an investigation such as he requires. I say also that I believe the amendment is out of order, and that you, Mr. Speaker, should so rule.

Mr. M. J. COLDWELL (Rosetown-Biggar): May I have an opportunity of saying one or two words before the amendment is ruled upon, if it is questioned. The minister was kind enough to refer to my rage and my horror regarding campaign funds. Let me say I do not think I exhibited any rage.

Mr. POWER: I take that back.

Mr. COLDWELL: I may have exhibited some horror; but if I did, that horror found its seeds in the addresses which I heard on occasion from the Minister of Mines and Resources (Mr. Crerar), whom I followed during the old progressive days, when there was no one more caustic than he regarding the collection of campaign funds.

Mr. STEVENS: Chickens come home to roost.

Mr. COLDWELL: May I refer to the advertised appeal by the first vice-president of our organization in British Columbia? We make those appeals publicly, through the press, and at every one of our meetings.

Mr. DUNNING: Quite right, too.

Mr. COLDWELL: And over the radio.

An hon. MEMBER: Why not?

Mr. COLDWELL: That is the way we have of raising funds. I have never noticed the minister's own party making appeals of that description.

Mr. DUNNING: We do it all the time.

Mr. COLDWELL: Then why complain because we make them?

Mr. HOWARD: We are not complaining.

Mr. COLDWELL: I understood that the minister sought to imply there was something sinister in the suggestion in the advertisement that contributions would be regarded as private and confidential. We do receive contributions from people who, if their employers knew they were contributing to our campaign fund, would lose the jobs they now hold. We know that to be so.

Mr. McLEAN (Melfort): Oh, no.

Mr. COLDWELL: It has happened. Moreover, I daresay they might be penalized in other ways. Having been treasurer of the Cooperative Commonwealth Federation before the last general election, I am proud to be able to tell the house that we are quite willing to have our campaign funds thoroughly investigated, because although we won 400,000 votes, the only amount which was at my disposal as the national treasurer of the campaign fund was less than $2,000. It was less than $2,000 for the entire national campaign. We had hoped that we might put our leader on the air for at least one national broadcast, but were unable to do so. Consequently, when the inference is thrown at us that there is something sinister when we suggest that the relatively small contributions we received from our supporters ought to be kept private and confidential, I would tell the minister that really he is stretching the point.

Mr. POWER: It is not sinister; it is only according to your principles.

Mr. COLDWELL: The word used was "surreptitious," and that word has a sinister meaning.

Mr. POWER: No. You condemned it yourself, and that is why I brought the matter to your attention—and for no other reason.

Mr. COLDWELL: I would assure you, since our campaign funds and our method of collecting them has been brought before the house this afternoon, that at least we have never received hundreds of thousands of dollars from a power corporation.

Mr. DUNNING: How do we know? How does anybody know that?

Mr. COLDWELL: As a matter of fact, I would ask the minister, who knows me very well, to accept my word for it.

Mr. DUNNING: Of course I shall. But my hon. friend is not his whole party, any more than I am my whole party. And when one is willing to accept private contributions, that is where the danger arises.

Mr. COLDWELL: I was treasurer before the last campaign, and we are quite willing to have an investigation. An investigation was held into some Liberal party funds, and the fact I have just mentioned was fully established at that time.

May I say I believe the suggestion made in the amendment is of interest to every hon. member, and to all parties. As the hon. member for Peace River (Mr. Pelletier) indicated, from time to time newspaper articles appear and references are made in public speeches which tend to undermine confidence in the election of members to the House of Commons, and in the virtue of parliament. Consequently I believe the amendment is in the right direction. I therefore rise to do two things, first to set the minister right, if he thinks there was anything surreptitious—

Mr. POWER: "Surreptitious" only means hidden—go to your dictionary.

Mr. COLDWELL: But certain words, by usage, acquire a particular connotation, and the minister knows that as well as I do.

As I said before, we are quite willing to have our funds fully investigated, if the other side is willing. I want to say only this, that we are supporting the principle of the amendment because we believe it is in the best interests of the house.

Some hon. MEMBERS: Question.

Mr. SPEAKER: With reference to the point of order raised by the Minister of Pensions and National Health (Mr. Power), I am of opinion that the amendment of the hon. member for Peace River (Mr. Pelletier) is not in order, because the so-called amendment is not in fact an amendment at all. It is a new motion the hon. member is endeavouring to place before the house, one of which he has not given the house notice and concerning which hon. members have had no time to form opinions.

In order to support my decision I would refer the house to two similar decisions rendered on February 28, 1929, one by the Hon. Rodolphe Lemieux, the then Speaker of the House, and the other one by the then

Deputy Speaker, Mr. J. F. Johnston, then representing the constituency of Long Lake. Those decisions are to be found in volume 66 of the Journals of the House at pages 109, 110 and 111. I find further support in Beauchesne's Parliamentary Rules and Forms, page 127, citation 397, where it is stated:

> An amendment must not raise any question which by the rules of the house, can only be raised by a distinct motion after notice.

Therefore the amendment is out of order, and I declare it so.

Mr. PELLETIER: Speaking to a point of order—

Mr. SPEAKER: Order. I have rendered my decision. The hon. member may appeal, if he wishes.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I wish to speak briefly to the resolution. The minister who introduced it, and some other hon. members who have spoken, have referred to the variation in the density of population as between constituencies. It seems to me in a country such as ours it is difficult to avoid that condition, and I doubt if there is any method whereby equality could be brought about.

At the same time some of the disparities shown are so great that they would appear to be unfair to one or other of the parties. However, one is confronted with the fact that some sections of our country, huge in area but sparse in population, must, in the interests of fair representation, have their representatives in parliament. I am not attempting to defend a system in which that condition exists, but I do believe that until those areas are more densely populated than they are at the present time, some of those inequalities must be accepted.

I do not believe that I would disagree with most of the minister's observations with respect to the general conduct of elections. It is my belief that conditions throughout the country are improving. I shall not go into detail in this connection, but I might point out by way of example that the son of a man who ran in one of the Quebec constituencies for election to the first parliament after confederation, and who had contested elections before confederation, told me that in those days the regular thing was to have the hogshead of whisky out in the back-yard, and to make it understood that the people who came round on certain days were free to use it, and that they expected it to be there. Such was the custom of that day, and I assume all candidates in certain sections of the country followed it. To-day that is largely done away with, although there are times in certain elections when whisky is not in the hogsheads, but is passed round. In my own constituency I have never seen, on my side at any rate, anything in the way of the passing round of whisky. I think there is a good deal of exaggeration in the minds of many people throughout the country with respect to the powerful effects of the buying of the electorate.

I remember a very good story which actually happened in my constituency. One of the members who preceded me—and a fine fellow he was, in his own way—at election times depended altogether upon the spending of money. He would go to the extent of mortgaging his house, and in every way putting up the last dollar he could raise. He carried on the election campaign in that way, and he did endeavour to buy votes when he could. On one occasion a friend of mine told me of a certain incident. He said that this old member—a good friend of mine, incidentally—asked him how such and such a village was going to vote. The reply was, "Well, there are about ninety votes there, and I fear they are all very doubtful." "How much money will it take to get them right?" The reply was, "About $5 each." The representative went out and bought every vote. But when the votes were counted they got only one of them.

I do not believe that there is any more use in attempting to buy votes to-day than there was in those days. I believe there is much exaggeration with regard to the matter. Certainly in my constituency, which the gentleman in question had represented in past years, I had no money to throw round. I paid what I thought were legitimate expenses, and carried on election campaigns as honestly as I could, during all the years I represented the constituency of Fort William—and I believe the situation is the same to-day. I have no doubt the hon. member who now represents that constituency is just as honest as I am. I found the seat could be won in a good and honest manner, and with no dishonest expenditures of money whatsoever.

Mr. DUNNING: But it costs too much just the same.

Mr. MANION: It does, I entirely agree, and I also entirely agree that we should do all we can to do away with that extra cost. I agree also with the minister when he says that money is needed to run elections. He has given some evidence regarding our friends of the Cooperative Commonwealth Federation. We have all heard that saying—I believe it was Sir John A. Macdonald's—that elections are not won by prayer.

Mr. BRADETTE: It was Tarte.

Mr. MANION: Well, they were both pretty good judges. In that book which my hon. friends opposite are so fond of quoting I discussed the whole question. My friend has missed a chance to look it up. I pointed out, and I point out again now, that there should be more publicity about campaign funds. There is nothing shameful about campaign funds, so long as they are honestly acquired.

Mr. STIRLING: And honestly used.

Mr. MANION: If people put up money to help the party of their choice, because they believe in that party, and no strings are tied to that money, what is wrong? There is no more wrong in a man putting up $5,000 for the Liberal party or for our party than in someone putting up $5 for my friends to the left. The man who puts up the $5 may be hoping that his friends will get in so that he will get a job. The man who puts up $5,000 or $50,000 or $100,000 is just as honest as the man who puts up a small amount; he believes in the principles of the party he is supporting.

Mr. HEAPS: Suppose he gives to two parties.

Mr. MANION: Well, he may have some reason for doing so, and it is his money. Suppose he gives to the four parties, if you like. He knows that elections cost money. If he chooses to contribute to both Liberal and Conservative parties, and asks that no pledges be given or strings attached to that donation, there is nothing wrong with it that I can see, and I imagine I am just as honest as my hon. friends to my left, with all due respect to them. I believe we should bring this matter out into the open.

I hesitated about saying anything on this matter, because I think the minister dealt with the question very well, and the Speaker has now ruled the amendment out of order. But the other day I proposed to the Prime Minister that he bring the editor of the Ottawa *Citizen* before the bar of the house and make him prove some of his charges. I have here some of the charges he made, and I am going to read them, without comment. The hon. member who moved the amendment was trying to do what the editor of the Ottawa *Citizen* proposed. I have here half a dozen editorials from the Ottawa *Citizen* which made me see red. When I read these editorials, suggesting that both the old parties are a lot of crooks instead of decent citizens, it made me angry. Having been associated with political affairs in this house for twenty years, I say that members of parliament are just as honest as editors of newspapers or any other class, and I resent the suggestion that we in this house, whether Liberals or Conservatives or my hon. friends to my left, are a lot of crooks. I recall well an example of this irresponsible chatter; I was sitting in a smoking car—have I told this here before?

Some hon. MEMBERS: Yes.

Mr. MANION: Well, I heard a man criticizing both the old parties as a lot of crooks and I asked him on what authority he based his statement. He replied he did not base it on anything; he had just heard other people saying it, and he thought it the right thing to say. The irresponsible criticism of many people is of just the same type.

This is an example of what I object to. It is from the Ottawa *Citizen* of February 6:

> National government is the next objective of amalgamated authority in Canada: it will include the economy of subscribing to the campaign funds of only one party.

That is not particularly bad. Here is another, of February 2:

> It is the same old order, with no difference between parties excepting in the distribution of political patronage. Both parties are controlled by the same invisible government.

I say this party is not controlled by any invisible government or any individual, group or interest big or little. The government can answer for themselves, but I say that this party to-day is not controlled by anyone. We have campaign funds—I do not say we have much; I wish we had more. Obviously, we cannot have an organizer going round this country without someone paying him, and I cannot afford to pay him from my own purse. Our friends have contributed small amounts to carry on our organization, and I have nothing to be ashamed of. Not a dollar had a string on it in any shape, manner or form. The idea that there is anything wrong about doing that is ridiculous.

Mr. LANDERYOU: I should like to meet the men who give money away without any strings on it.

Mr. MANION: The hon. member apparently is of the type who does not think anyone can be honest.

This is another of these quotations from the *Citizen;* it is dated February 21:

> The Conservative party will probably have to be satisfied with less than 40 per cent of the usual contributions as they are said to be distributed by the financial investors in the old game of party politics—

Mr. DUNNING: "As they are said to be."

Mr. MANION: Exactly, that is the type of stuff.

In any case, there are signs that the Conservatives are becoming resigned to the prospect of being allowed a few cabinet seats in a national government as it is being demanded in the places where both parties collect the money to pay election expenses.

These are more of these ugly charges without any facts to substantiate them.

Another of January 28:

The power of the party machine to silence members—

This, I think, is a slander on every hon. member, including my hon. friends to my left.

The power of the party machine to silence members goes far beyond this influence of the central campaign fund. Members on the government side become involved in patronage deals. Members on the opposition side look forward to the day when they will again enjoy the spoils.

Another one, of which I have not the date, states:

The whole democratic structure is threatened from within as well as from without. An independent parliament, free from dependence upon predatory campaign fund sources. . . .

I think this parliament is independent; I do not admit that this parliament is tied up to any campaign fund sources. Another statement is:

The party machines are largely financed by secret relations with contractors, promoters and privileged interests. Members become involved through indebtedness when election expenses are to be paid or later in the competition to display party loyalty before the next election—

The last I will quote is from the Ottawa *Citizen* of January 27:

Before the end of this session it will probably have been demonstrated to the paymasters of both parties—

I object to the statement that I have a paymaster. I repeat that I am under obligation to no individual, class, group, interest or anything else, neither is this party, and I object to the Ottawa *Citizen* making a statement like that. I resent such statements because they are slanders on all hon. members; as the hon. member for Peace River (Mr. Pelletier) I think said, it is doing damage to and undermining democracy. I agree with that, and that is why I resent such statements. When I suggested that the editor of the *Citizen* be brought to the bar of the house, how did he defend himself? He demanded a judicial investigation. In other words, he accuses one of being a thief; the accused challenges him to give some proof, and the accuser says, "Oh, we will get a judge to investigate your whole life."

Mr. DUNNING: No, he puts it up to you to prove you are not guilty.

Mr. MANION: Exactly, not the British system of assuming innocence until guilt is proved, but "you are guilty" first, and then he will send out a fishing expedition to see if he cannot find something against you. That is an irresponsible and improper method, and my hon. friends who move and support this amendment take the same attitude. So far as I am concerned I agree with the minister; I do not consider that this fishing expedition would get anywhere. Men who contribute to the campaign funds of both parties do so legitimately. I assume many who contribute may not want the fact known. Suppose a man is a manufacturer; he believes rather in the principles of the Liberal party, who claim they are low tariff people, although they do not always live up to it, but he is more in sympathy with the principles of the Liberal party than with ours. He may wish to contribute to the Liberal party funds, quite legitimately; he likes them and wishes to support them. But he may say, "If it is known that I have contributed to this fund and another party gets in, that other party might do something in the way of tariff changes which would hurt me." After all, he has a legitimate right to make his contribution in privacy, so I do not consider that an investigation would get anywhere at all.

It is almost six o'clock and I wish, before we take recess, to finish what I have to say. Many people contribute to party funds honestly. They believe in certain principles, and they wish to support the party that professes those principles. There are different kinds of dishonesty. Let me give an illustration of what I would call a worse piece of dishonesty than anything in regard to campaign funds. I was in Alberta not so long ago, travelling by automobile, and during the trip I heard over the radio a very prominent, if not the most prominent, social crediter in the province. He announced to his group—and apparently there was a large audience—that he was going to have a professor give expression that afternoon to the principles for which the capitalist system stood. That was done. The man who was master of ceremonies would make a clever and witty interjection every once in a while, more or less destroying the argument of the supposed professor of political economy who was setting out the principles of the capitalist system. Then, when the "professor" had finished, this other gentleman demolished the whole argument in a few well-chosen sentences. Of course it was a very bad argument, poorly put together, anyway; because the same man who made the interjections, the same man who demolished the argument, was the man who wrote both

sides of it. I found later that the supposed professor of political economy was the janitor of one of the provincial public buildings. Is that proper? Is that honest politics? I was driving with a prominent citizen of Calgary; I hung my head and said, "I am ashamed to think that any man in public life could descend to that type of campaign. No leader of either of the old parties would do that sort of thing." I say that type of campaign was much more discreditable than anything that has been done by either of the old parties.

I do not wish to argue against the Social Credit people. They have a perfect right to whatever attitude they choose to adopt, but at the same time I think we should all admit that we are honest. I do not think honesty is confined to any individual or any party in this house. In regard to my friends of the Cooperative Commonwealth Federation party, during the election in London the Cooperative Commonwealth Federation candidate who opposed me made an appeal for funds, saying that if he were not helped financially he would not run. He put on a more elaborate and, so far as I know, more expensive campaign than I did; certainly he was on the radio a great deal more than I was. I have nothing to say against that; I find no fault with it at all, but let us agree that if you have not enough money yourself, you cannot carry on elections unless someone helps to pay the expenses. Whether a man contributes $5,000 or $5 to campaign funds, if there are no strings attached to it; if there is no crookedness in it; if the contribution is not made for the purpose of bringing about some dishonest act on the part of a party in power, then I say it is a perfectly legitimate contribution.

In closing, let me say that we want to cooperate with the minister, as I think all members of this parliament should cooperate, to lessen the cost of elections. They are far too expensive. It is unfair to the candidates of all parties. I think we should do everything we can to clean up election irregularities of all kinds in order that real public opinion may prevail and a fair deal given to all classes. In that way, by promoting public welfare, we may have a real democracy. So far as I am concerned, and speaking for my party, we will do everything we can in this committee, if it is appointed, to help clean up for the future. We are not worrying about the past. I do not believe in these fishing expeditions, and anyway, frankly I do not believe in charges of scandal. I never have believed in one party charging the other with doing something scandalous. Very seldom is anything proved of a scandalous nature. In the present unsettled condition of the world, unless a man is so certain of his facts that nothing can refute his charge I believe this sort of thing does nothing but undermine democracy, undermine our whole electoral system, undermine the freedom in which we all believe. I agree in large measure with what was said by the minister in introducing this resolution, and we will do all we can to help him clean up the elections of the future.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. C. G. MacNEIL (Vancouver North): I wish to direct the attention of the Minister of Pensions and National Health (Mr. Power) to a problem which has arisen and which, I hope, will be taken into consideration by this special committee. I suggest to the minister that it would be advisable to broaden the terms of reference to the committee in order to enable consideration of a matter of vital consequence to many electors in British Columbia. In order to clarify the discussion I propose to move an amendment in terms which I hope he will accept. Briefly, I desire to direct his attention to a situation existing under the present provisions of the Dominion Elections Act, 1938, as it affects lumbermen, fishermen, miners and seamen. Under the act which was in effect during the federal general election of 1935, provision was made for what was called absentee voting, and special classifications were indicated therein for fishermen, including all those persons engaged in the fishing industry; lumbermen, including cruisers, loggers and so on; miners, including prospectors as well as workers in or about mines; and sailors, including all those engaged or employed on board ships or vessels. These persons were entitled to vote under special provisions contained in sections 99, 100, 101, 102 and so on, of the act. However, these provisions were abolished under the new act introduced at the last session. The chairman of the committee which sat last year, the hon. member for Swift Current (Mr. Both-

well), explained the situation to the house, as reported on page 4246 of *Hansard* of June 24, 1938. At that time he said:

The committee found that the expense of absentee voting did not warrant our including it in this bill.

He goes on to say:

And it was by reason of the expense which was incurred in connection with absentee voting the committee decided that for the sake of a vote of that size we would not be warranted in inserting a clause which would deal with absentee voting.

He then enumerated other reasons why it was considered inadvisable to provide for absentee voting. I commend the minister when he endeavours to introduce amendments to the act to prevent any person from voting twice, but I had hoped that the new sections would not prevent certain classes of voters from voting at all. After a study of the act I have found that the workers engaged in the industries I have mentioned, that is lumbering, fishing, mining and those at sea, will not have an opportunity to exercise their franchise. We have done what it is possible to do in this country to encourage people to exercise their franchise, and it seems to me inadvisable that any obstacles should be placed in their way at this time.

I have made a study of the sections of the act in consultation with representatives of the organized workers in these various industries, and they confirm the conclusion which I stated last session, namely, that many of these workers will not have an opportunity of exercising their franchise. I hope that the committee will take into consideration ways and means of enabling those workers who must migrate from place to place in the pursuit of their vocations to exercise their voting rights on polling day. The act of 1938 not only abolished the provisions for absentee voting, but restricted to some degree the residential qualifications. Section 14, subsection 1, reads:

Save as hereinafter provided every person, man or woman, shall be qualified to vote and be entitled to be registered as an elector on the list of electors for the polling division in which he or she ordinarily resides—

The word "ordinarily" was introduced last session.

—at the time of the preparation and revision of the list of electors therefor.

It then goes on to give other qualifications. "Ordinary residence" is defined in section 16, subsection 2, as follows:

The place of ordinary residence of a person is, generally, that place which has always been, or which he has adopted as, the place of his habitation or home, whereto, when away therefrom, he intends to return. Specifically, when a person usually sleeps in one place and has his meals or is employed in another place, the place of his ordinary residence is where the person sleeps.

At the request of the hon. member for Comox-Alberni (Mr. Neill) the bill was amended in some respects, and section 46 was amended by the deletion of the word "ordinarily" to make it possible for an elector within the electoral district in which he resides to present himself only at a rural poll to vote, provided he is vouched for by an elector already on the list in the poll. I submit that under the conditions which prevail in these industries in British Columbia a large number of men are actually disfranchised. When one considers the conditions of employment imposed on loggers, for instance, one must realize that the great majority of the camps at which these men work are outside the electoral districts in which they ordinarily have their residence. I confirmed this fact by inquiries since last session. The principal operations are on Vancouver island at Cowichan lake, Campbell river, and on the Queen Charlotte islands, these points being distant from the cities and towns where these men are recruited for these operations. Under the conditions prevailing in the industry they are unable to secure time off in order to vote, and they are unable to defray the expenses of returning to the polling division or the electoral district in which they have their ordinary residences.

The plight of the fishermen is still more serious. If polling day occurs when they are at the fishing grounds they are likely to find themselves in the predicament of being unable to return to their places of ordinary residence, which are usually in the vicinity of Vancouver. It might be possible to permit them to vote at the port from which they obtain their supplies when they are operating at the fishing grounds. There are many seamen employed on tugs and barges engaged in the coastwise trade who might be able to vote at a port of call but who certainly could not return to the polling division or the electoral district in which they are ordinarily resident.

The act of 1938 made provision for other classes of electors who are permitted to cast their votes outside the electoral district in which their names may have been placed on the list at the time of the issuance of the election writ. I refer to section 16, subsection 6, wherein provision is made for ministers, priests or ecclesiastics of any religious faith or denomination, for teachers and students. I submit that an attempt should be made to extend a similar privilege to the thousands of workers in the lumbering and

fishing industries and to those engaged at sea. I do not wish to detain the house, but I do hope that my amendment will be acceptable to the minister. I am suggesting at this stage merely that the terms of reference to the committee should be broadened in order that the committee may take into consideration ways and means of dealing with this problem. I therefore move:

That the motion be amended by adding thereto the following clause:

(c) Methods whereby lumbermen, fishermen, seamen, and miners in the province of British Columbia may be enabled to exercise their franchise under the Dominion Elections Act, 1938.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I must support the amendment moved by the hon. member for Vancouver North (Mr. MacNeil). There is no district in British Columbia outside my own where the necessities for some such plan are greater, and I do not except the district represented by the hon. member who has moved this amendment. Some of his electors may live in North Vancouver or Vancouver and go out to work in his riding, but if they live in Vancouver or North Vancouver and go out to work in my district, they are wholly disfranchised under the conditions which he has mentioned. As he said, the act which was passed a year or so ago made provision for voting in a polling station other than the one in which an elector was registered, but this was confined to the electoral district in which the man resided. That takes care of a number of cases in my district, but only to a limited extent.

There is no doubt that the present law does disfranchise a considerable number of the classes to which the hon. member has referred. This has been the case as far back as my memory goes, with the single exception of the election of 1935 when, as the hon. member has stated, there was inaugurated a system of what was called absentee voting, drafted in a large measure from the British Columbia system which works adequately in the smaller area of a province. But there were features about that system which did not make it so attractive as the hon. member suggests, and for this reason: It was founded on a system known as the fixed list, and the list was changed only once a year. In British Columbia we used to change the provincial list once every month; but in the dominion act passed here—and members will correct me if I am wrong—provision was made for a revision only once a year, with the result that in that province, where we have a good deal of a floating population, many more people were disfranchised than there would be under the system now used. If they were there but if they did not get registered at these annual revisions, they were simply out of luck. I think the working men lost more votes under that method than under the system now proposed.

The hon. member for Vancouver North has pointed out that the act passed two years ago did make provision for school teachers and ministers of the gospel being allowed to vote if they moved into new territory, but it was upon the condition, which had to be definitely established, that they were going to become or had become permanent residents of the new district. A minister of the gospel, for example, had to prove that he was the ordained or accepted minister of his church, and a school teacher had to produce a certificate from the school board that he or she was legally and properly employed under contract for a certain period of time. The object of that was to do away with the danger, which must immediately suggest itself to the mind of anyone who considers these matters, that if you make it too easy for people to vote in a new district it is quite possible for a wealthy man or a wealthy party to bring in a couple of hundred men, say from a city district adjoining, keep them there for ten days—less than that would suffice—have them vote as temporary residents, and then return them. That is an even greater evil than the one my hon. friend is trying to avoid.

While he did not put it forward as his own opinion he referred to the argument of the high cost in the last election against having any more absentee voting. But I do not know whether the high cost was ever as definitely ascertained as it might have been, compared, for instance, with the cost of men voting at an advance poll. The cost there is quite comparable with that of an absentee vote.

Then he said that a great number of men who sought to vote were not allowed to vote. That happened in my district to the extent of several hundred people. They were thrown out against my protest simply because the deputy returning officers had not been thoroughly informed, or were incompetent, and they did not draw up the ballots in the way the act prescribed. They were given a certain number of blank ballots, and the act prescribed that if a man in the district of Comox-Alberni came to a deputy returning officer and said he wanted to vote in southeast Kootenay, the deputy returning officer must take a blank ballot, make a facsimile of the one used in southeast Kootenay, and

put down the name of every candidate, his occupation, residence and so forth. But in a great many instances the deputy returning officer was either ignorant or did not bother to do that. The very utmost he would often put down would be Jones, Brown and Smith, as the names of the candidates; he would not bother about their occupations at all, and many good votes—good in my opinion because the men were going to vote for me—were thrown out for that reason.

I know one case where the deputy returning officer, evidently in a spirit of good fellowship, apparently said to a man, "Whom do you want to vote for"? The man replied, "Jones"; the deputy returning officer wrote "Jones" down on the ballot and nothing else, and in that way perfectly good ballots were thrown out. That was on account of the system being new and the deputy returning officers not being sufficiently posted. Also they had to stop on a busy election day to make out a facsimile ballot. The case could have been met by furnishing the deputy returning officer with printed ballots for every riding in the province.

Even if the question of cost is considerable, there are other methods by which the proposal of my hon. friend, which I heartily endorse, could be carried out. His amendment, as I understand it, asks only that a method be considered whereby loggers, lumbermen, fishermen and so forth may be able to exercise their franchise.

In Australia, speaking from memory, I believe they have several systems of dealing with absentee voters. One of them is the post-card system. Nothing more stringent is required than for the voter to sign a post-card in the presence of the returning officer, and then under suitable restrictions and precautions it is mailed back to the place whence the voter came.

There is another method whereby they can vote absentees in person, something like that mentioned by my hon. friend. But the post-card method seems to work there without any opportunity of fraud and without any excessive cost, and I would hope that some system like that might be adopted. Surely we owe it to everyone that they should be allowed to exercise their franchise. And the fact that a voter's occupation takes him away at certain seasons of the year for two, three, six or eight months should not be allowed to stand in the way of his voting.

While I am speaking I might say a few words on the general proposals outlined by the hon. member who introduced this resolution. Some member speaking this afternoon said that the subject matter as introduced last year was unpopular. But I submit it was not the subject matter that was unpopular; it was the bill that was universally unpopular. I regretted to hear the minister—perhaps I did not hear him aright—speaking in a tone of laudation, I thought, of that misbegotten thing which was introduced last year.

Mr. POWER: What was that?

Mr. NEILL: The bill, the so-called purity bill. I thought he spoke this afternoon with some note of approval of it.

Mr. POWER Naturally.

Mr. NEILL: It must have been owing to the fact that he is the putative father. There is an axiom in law in cases of disputed succession, that he is the father whom the marriage points out. I might paraphrase that by saying that he is the father who introduced the bill. The minister was associated with it in that regard, and in that regard only, in a very step-fatherly way. We all know that his ability and, above all, his sense of humour, would have entirely prevented him from having drafted of his own initiative such an abortion as the thing which was presented last year.

Mr. POWER: Do not insult my child by saying that.

Mr. NEILL: The bill was worse than the word I applied to it. I think it was a burlesque. Having read it a year ago, I have not now a clear recollection of all its provisions, but it certainly was a ridiculous and an unworkable thing. I wonder sometimes if it was not intended to be unworkable. One of the matters of interest to the group members was this thing called a corporation sole and two other positions at the same time, a sort of trinity proposition, and provision was made that the trinity had to be a lawyer or an accountant. It might well be that in ridings represented by social crediters there was no lawyer or accountant of their political party; they would be compelled to employ and be under the domination of this lawyer or accountant, who might be entirely opposed to their views, and he could make it very interesting and disconcerting in the conduct of the election. His powers are almost unbounded.

Something was said about limiting the costs to so much per head. Well, I am sorry, but if they put the costs at any reasonable figure I am afraid it will mean that I shall be unable to take part in an election. Ten cents a head, I assume, would be a reasonable cost.

and that would allow me a thousand dollars to spend on an election which ordinarily costs me between four and five thousand dollars. They say, "Oh, well, but it is done in Great Britain." But Britain is an established, settled country where a polling station, if it has eighty-five people to-day, will have eighty-six or eighty-four five or ten years from now. They know what it will cost. In our polling divisions we may have three hundred to-day and perhaps three at the next election, or perhaps four or five hundred. The conditions are so different that they cannot be compared, and I do not think any hon. member wants to be put in this position. You have struggled through the election with the difficulties of this corporation sole and these other capacities as well; you think you have won through at last, have kept within the margin you were told to keep in, that is that you must not spend more than ten cents a head, and have won the election.

I speak now not for myself, because it does not apply to me as I do not get party funds. But take the case of the man drawing party funds. He has been elected, or so he thinks; he has kept within the costs as far as he can honestly ascertain them; and six weeks after the election he gets a notice from Ottawa, "sorry, you have spent $4.81 more than you should have done, and you are unseated." He writes back and says, "No, I didn't; I kept well within the margin." "Oh, yes, but your proportion of the money spent by the headquarters of your party, your share, estimated to be so much, comes to so much, and therefore that puts you over the line." We do not want a machinery which will put members of parliament, no matter whether they are ourselves or some other candidate, in that position.

I agree heartily with what the minister said, that he thought the present bill, by merely being extended and expanded in certain regards, could do a great deal of what is aimed at in these resolutions. I heartily agree with him there. Take the case of the expenditures of sums of money. Under our present act the agent has to put in a return under oath of the amount of money he has received, how he has expended it and—note this—from whom he received it. Could one have anything more definite than that? But the way he gets out from under it under the present circumstances is this. He says, "I got $4,000 from Bill Jones and others." Bill Jones may have contributed $200 and the party fund or some corporation may have contributed the balance. That could be very easily adjusted by compelling the agent to state in the case of every sum bigger than say $50, from whom he got it, and that would be done by a trivial change in the act which we have now.

We are told, and it is a sort of bait held out to us, that one of the results of this may be to reduce the costs of the candidates. Well, I cannot see it. I am afraid it is going to increase the cost to us, because we are going to be at the beck and call of the corporation sole fellow; in the middle of the election he may come forward and say, "You cannot hire that hall because you are exceeding your quota up to date," or something of that kind, and in this trinity of capacities he is likely to cost you a great deal of money. Above all that, there is the harassing anxiety when you are running an election—and it is an anxious enough time—that you will never know until it is all over, perhaps six weeks or perhaps six months afterwards, whether you have not been unseated through some trivial over-expenditure which you were perfectly incompetent or unable to stop at the time.

I know there are restrictions of this kind in Britain, but conditions there are totally different from what they are here, especially in the west where conditions change every month and every year. Now I would desire to see every one of the suggestions the minister has in his resolution put forward and carried to a conclusion. Certainly we want everything that is put there. But for the love of heaven and for the love of wretched candidates who will have to carry on, cut out last year's bill, or put it in the fire, or put it to some more ignoble purpose.

Mr. ANGUS MacINNIS (Vancouver East): I should like to say one or two words in seconding the amendment to the resolution moved by the hon. member for Vancouver North (Mr. MacNeil). Before I do that I wish to congratulate the Minister of Pensions and National Health (Mr. Power) upon the subject-matter of the resolution which we discussed before recess. I am in the fullest accord with the two sections of that resolution, and I hope that not only will the committee be able to find ways and means of making a more satisfactory and possibly more just redistribution of seats than we have had hitherto, but that it will also find ways and means of keeping election expenses within reasonable bounds. I do not share the fears of the hon. member for Comox-Alberni (Mr. Neill) that at some time I may over-spend, that I may spend more in my election than is allowed by the committee, because I am sure that I shall never have that much money to spend. Poverty has its advantages; I am free from that fear.

I wish it to be noted that the amendment moved by the hon. member for Vancouver North has reference to British Columbia only. The reason that absentee voting is so important to British Columbia is first, the economy of the country, which takes a great many of the voters away from their homes on election day; and second, because we have had for many, many years absentee voting in the provincial elections. I am not sure whether the first act was passed in 1920 or 1924, but I think it was the former year. I believe all federal members from British Columbia are agreed upon the value and the desirability of absentee voting. I never heard one of them oppose it. I remember that on one occasion shortly after the system had been put into effect there was some opposition because of irregularities which had developed, but that was overcome, and there has been no opposition since. I hope, therefore, hon. members will keep in mind that we are asking that this amendment apply only in British Columbia. Of course if hon. members from other provinces wish the same method to apply in their provinces, that is satisfactory to us.

I should like to read two sections from the revised statutes of British Columbia, chapter 84, having to do with provincial elections. Section 108 provides for absentee voting, and it will be observed, when I read the section, that in British Columbia absentee voting applies not only to persons outside their own electoral districts on election day but to persons who may be in their own electoral districts but not in the particular polling division in which they are registered. Section 108, subsection 1 of the provincial act reads:

> For the purpose of exercising his franchise, any voter whose name is on the list of voters for one polling division of an electoral district, and who is absent from that polling division on the day on which the poll is held, may obtain an absent voter's ballot-paper in any other polling division of the same electoral district and may record his vote in the manner provided in this section.

That section covers all of British Columbia, with the exception of the electoral districts in the cities of Vancouver, Victoria and New Westminster.

Section 109 is still wider than section 108. Subsection 1 of section 109 provides:

> For the purpose of exercising his franchise at any general election, any voter whose name is on the list of voters for one electoral district, and who is absent from that district on the day on which a poll is held therein, may obtain an absent voter's ballot-paper for that district in any polling division of any other electoral district in which a poll is being held, and may record his vote in the manner provided in this section.

As I said before, in British Columbia we have had this method of voting for the past twenty years. The people have become accustomed to it. Loggers and others who, on election day, are away from their homes, or from the places where their names appear on the voters' lists, feel that they have something to do with the election of the government when they are allowed to exercise their franchise.

It seems to me that democracy means the extending to every class within the country the privilege of taking part in the government of the country. To the extent that we can do that, and to the extent that all classes can take part in the government of the country, just to that extent do we have democracy. And to the extent that any class, or section of any class, is restricted from taking part in the government of the country, or in electing its representatives, to that extent is our democracy limited.

A great deal of argument has been made about the cost. In my opinion in the election of 1935 the high cost was on account of the inexperience of the election workers. I am sure that with better organization and the freer use of the absentee method of voting the cost would be much less. In the amendment we are asking to have this method applied to four different occupations, namely, lumbermen, fishermen, seamen and miners. I would point out to the house that in the provincial elections in British Columbia absentee voting is not restricted to any particular occupations. As I have indicated in the two sections I have read, any person who is not in his polling division or electoral district on election day may vote by absentee ballot. I would ask the government to give the most favourable consideration to the amendment to enlarge the scope of the reference to the committee, before deciding to turn the amendment down.

Mr. C. E. BOTHWELL (Swift Current): Mr. Speaker, with respect to the amendment moved by the hon. member for Vancouver North (Mr. MacNeil), I can only say that last year in committee considerable time was spent in discussing the subject of absentee voting. If the amendment is in order, which I doubt very much, my first objection to it would be that it applies only to British Columbia. If the act is going to be amended to provide for absentee voting, then it would appear to me that there should be general application so that it would apply to every province. The maritime provinces must be in exactly the same position as British Columbia, and the same observation would apply to those constituencies facing on the

great lakes. The sailors on those lakes will be absent from home, just in the same way as the seamen, lumbermen and fishermen of British Columbia may be absent.

The hon. member has referred to my remarks of last year as reported at page 4246 of *Hansard*. On that occasion I said:

> The committee found that the expense of absentee voting did not warrant our including it in this bill. For instance, in the election of 1935 there were 5,334 votes polled under the absentee voting provision. We found that 1,533 of them were rejected. The cost of absentee voting was approximately $250,000, or $65 plus, per vote. And it was by reason of the expense which was incurred in connection with absentee voting the committee decided that for the sake of a vote of that size we would not be warranted in inserting a clause which would deal with absentee voting.

If expense is no object, then I assume we can provide for every person in Canada, no matter where he or she may be, exercising his or her franchise on election day. Certainly machinery can be set up in some way whereby every man would have an opportunity to vote, either before or after the election, and whether or not he was in his own constituency or polling subdivision.

However, I believe the committee had before them all the representations which have been made this evening, and they gave every consideration to the matter. Their conclusion was that they were not justified in inserting the absentee provisions which were in the 1934 act.

Mr. MacNEIL: Was any other method of dealing with the problem considered by the committee?

Mr. BOTHWELL: Various methods were discussed. As a matter of fact, representations were made to the committee by an organization of sailors on the great lakes. Representations were made with respect to the exercising of their franchise, and I believe a resolution of two or three pages was presented in which suggestions were made which would have had the effect of permitting them to vote. However, so far as I am concerned as a member of the committee—and I assume other members will have the same view—I am ready to reconsider the matter, if it is deemed advisable. But I do not see how the same committee can reach a conclusion different from the one they arrived at last year. If the amendment is in order I would consider discussing the matter again—although I see the hon. member for Leeds (Mr. Stewart) shaking his head. I assume he is of the same opinion I am, namely that it will not get any further than it did last year.

Mr. VICTOR QUELCH (Acadia): I had no intention of speaking on this motion, but in view of certain statements that have been made during the debate I should like to make a few brief remarks. It has been suggested that the social credit proposals were used as a bribe during the last provincial election in Alberta. Hon. members making those charges show complete ignorance of the growth of the social credit movement in that province. That movement started at least three years before the election. It was started as an economic movement, with no intention at that time of political action. An attempt was made to persuade the United Farmers of Alberta government to introduce legislation implementing the social credit proposals, and it was not until that government had definitely refused to take any action in that regard that finally the people of Alberta from one end to the other demanded of Mr. Aberhart that he organize politically. In view of that it cannot possibly be maintained that social credit was used as a bribe, because the people cannot very well bribe themselves, and it was as a result of the demands of the people that the action was taken.

I will, however, agree that in the last election social credit was used as a bribe, not by the Social Credit party but by the leader of the Liberal party in Alberta.

An hon. MEMBER: Oh, oh.

Mr. QUELCH: I hear one hon. gentleman laugh. I quote this statement from the Edmonton *Journal* of August 17, 1935:

> Many Liberal candidates and speakers are denouncing social credit with great vigour. But no matter how completely one may agree with what they have to say on the subject, it is impossible to forget the stand that their leader has taken and the pledge that was given in the party's platform. A statement from Mr. Howson was published in the editorial column of the Medicine Hat *News* on January 14 last, which read:
>
> "The Liberal party has maintained an open mind and has and will be at all times fully prepared to treat the social credit idea sympathetically. . . . I sincerely hope that no Liberal member or candidate and no Liberal may take the position of fighting the social credit movement."

In an address at Bentley, three and a half months later, Mr. Howson had this to say:

> You may be surprised to learn that the Liberal party was in the field on behalf of social credit before the Alberta movement started. . . . Mr. Aberhart has promised his followers no more than the Liberal party has. As a matter of fact he has promised them less.

So when people suggest that social credit was used as a bribe in Alberta, remember that it was by the leader of the Liberal party.

Mr. MACKENZIE KING: I hope the hon. member is making it clear that he is speaking of the provincial leader.

Mr. QUELCH: Yes, I mentioned the name, Mr. Howson.

Some people may say that the Social Credit party in Alberta has not succeeded in carrying out its promises in full. But if the leader of the Liberal party—and I am now talking of the federal leader—had kept his promises, then Alberta would have had a far better chance to fulfil its program than it has had. Of course I am referring to the promise made in Saskatoon in the 1935 campaign, reported as follows:

> In Alberta at the present moment the government was launched on the experiment of social credit. "I hope with all my heart that they will be successful," said Mr. King, assuring the audience that if he was returned as Prime Minister of Canada, Alberta would be assured of the greatest freedom in carrying out its experiment under the Liberal policy of not interfering with the rights of the provinces.

Surely no one will suggest that that promise has been fulfilled.

Mr. MACKENZIE KING: So long as the province kept within its own field it has had ample scope.

Mr. QUELCH: The Prime Minister may say that disallowance was out of his hands. But I refer to another matter in which the promise of this government was not kept. I refer to the action taken in the spring of 1936 when some of the provinces, including Alberta, had certain bonds maturing. They were given the option of either depending upon their own resources, which generally speaking meant default, or becoming a party to the loan council.

Mr. SPEAKER: Order. I think the hon. member is getting far from the resolution before the house. The question of Mr. Aberhart is not before the house.

Mr. QUELCH: It was only when the Prime Minister denied that the rights of the provinces had been interfered with, that I mentioned that subject.

The leader of the opposition (Mr. Manion) took exception to a certain Professor Anonymous. Surely he is not suggesting that the premier of Alberta was trying to make the people of Alberta believe that this gentleman was in reality a professor of economics. If he was fooled by that play he was the only one who was. It was just a piece of play-acting, but apparently the acting was so good that the leader of the opposition thought it was real. It was generally understood by everyone in Alberta; the people knew those who took part in that little play; it was a little act put on week after week.

Mr. MANION: There was no hint of humour about it the day I heard it.

Mr. QUELCH: It depends on one's point of view. To the followers of the movement it was humorous; from the psychology of a hidebound Conservative of course it would be highly distasteful.

Another point referred to by the leader of the opposition was those articles in the Ottawa *Citizen*. Personally I cannot see anything to take exception to in those articles. It is old, old stuff which, generally speaking, has been believed in Canada for years. We all know there are campaign funds; we know that in some instances contributions have been large, and I do not think there is any change in that respect.

Mr. MANION: I did not claim that there are no campaign funds, I said there are. But the *Citizen* charged that both the Liberal and the Conservative party are the tools of the people who contribute to campaign funds; that is what I contradicted.

Mr. QUELCH: The leader of the opposition admits that large sums are contributed to campaign funds. I ask why? Why are they contributed? For the purpose of supporting a certain policy. Would the leader of the opposition suggest that if the old-line parties departed from their present orthodox reactionary policy, these contributions would continue to come in?

Mr. MANION: Certainly they would continue.

Mr. QUELCH: Not from certain large financial corporations, who contribute funds in order to maintain the status quo.

Mr. MANION: I do not admit that.

Mr. QUELCH: If they thought for a moment that the old parties would depart from their present program, these contributions would immediately stop.

Mr. MANION: The people who contribute believe in certain principles; if we departed from those principles they would not support us, I admit that.

Mr. QUELCH: Yes; unfortunately the people who can contribute these large sums are large financial corporations, and they are willing to contribute as long as the present reactionary policies are maintained. That is what the people object to; they object to

large financial corporations being able to support a reactionary government. That I think is a fair statement. It is not a question of whether there is a string tied to any contribution; the question is that these large financial corporations are willing to donate funds to maintain the status quo. That is why I think it is a very good thing that this bill is brought in by the Minister of Pensions and National Health. It will receive our support.

Mr. POWER: I suggest that the amendment moved by the hon. member for Vancouver North (Mr. MacNeil) is out of order on two counts. The first is that the statement made in it is absolutely inaccurate. The amendment is that the motion be amended by adding the following clause—to study, I assume:

(c) methods whereby lumbermen, fishermen, seamen and miners in the province of British Columbia may be enabled to exercise their franchise under the Dominion Elections Act, 1938.

But they are able now to exercise their franchise, excepting only a certain few who happen to be away from their homes. Of all the people of Canada, those who took advantage of the absentee voters clause during the last election numbered only 5,000. Of all the people in Canada who could take advantage of the absentee voters clause, only 5,000 did so.

Mr. HEAPS: That does not make the amendment out of order.

Mr. POWER: It is out of order, because an inaccurate statement is made. The amendment says that lumbermen, fishermen, seamen and miners should be enabled to exercise their franchise. If it had said "in order that certain miners who are absent from their homes may be able to exercise their franchise," I would be able to understand it, but it makes the gratuitous statement that somebody is endeavouring to prevent lumbermen, miners, fishermen and seamen from exercising their franchise.

Apart from that, Mr. Speaker, I should like to draw your attention to the fact that this amendment raises a new issue. The resolution before us deals with redistribution and with political expenditures. What is sought to be referred to the committee here is an amendment to the elections act, which act was thoroughly discussed by the committee for three years and passed by this house last year. I do not think it is the opinion of the house that the reference should be enlarged, and in any event no proper notice was given which would permit raising the issue.

[Mr. Quelch.]

Mr. MacNEIL: I think the minister is stretching a point when he says I offered a gratuitous, inaccurate statement. In my remarks I endeavoured to outline the problem, and I would direct your honour's attention to the fact that a ruling was given previously this session, when the act to amend the Fisheries Act was under consideration, to the effect that when the general act was under review it was in order for an hon. member to bring in an amendment.

Mr. POWER: But no part of the Dominion Elections Act is under consideration at the moment.

Mr. MacNEIL: I am coming to that. In his remarks the minister stated that he might take into consideration certain amendments to the Dominion Elections Act which would strengthen its provisions in dealing with political expenditures; and in that regard he did suggest that the Dominion Elections Act would be under review again by this committee, in some respects at least.

I hope the minister does not press the point of order. I see no objection to having the committee give consideration to this vital problem. I have not suggested any particular solution; I have merely asked that the committee review the problem in the light of additional evidence now available.

Mr. HEAPS: There is only one point at issue, namely, whether a member of this house has the right to add something to a reference to a committee. I do not think it has ever been contended that a member has not the right to move an amendment to extend the terms of reference, and that is all that is being sought in this case. The minister himself has presented a resolution referring two matters to the committee; another member of the house rises and asks that the terms of reference be extended in the present instance by including fishermen, lumbermen, miners and seamen in British Columbia.

Mr. POWER: A few fishermen, lumbermen, and so on.

Mr. HEAPS: He did not say "a few."

Mr. POWER: But that is what he should have said.

Mr. HEAPS: Well, Mr. Speaker, if in the last election five thousand of these people were prevented from voting, I would not call that a few.

Mr. POWER: Five thousand all over Canada.

Mr. HEAPS: Well, five thousand is not a few. If the minister thinks the terms of reference should include the maritime provinces, I have not the least objection to having them included, in order to bring the amendment more in order according to his way of thinking; but I cannot remember any time in this house when it was held that an hon. member did not have the right to move to enlarge the terms of reference to a committee.

Mr. MacINNIS: Before you give your ruling. Mr. Speaker, I should like to draw your attention to the fact that this motion merely extends the terms of reference contained in the resolution moved this afternoon by the Minister of Pensions and National Health (Mr. Power), and that it concerns a matter closely related to the subject matter of the resolution itself. Surely if five thousand voters are barred from voting because of the limitations of the elections act as it now stands, that is a matter of some importance to this house. Many hon. members who are sitting here received less than five thousand votes. So I would ask you, Mr. Speaker, before ruling on this amendment, to give it most careful consideration, because it is of the greatest importance, psychologically if not in reality, to many people living in British Columbia who, because of circumstances over which they have no control, are unable to be in a place where they can cast their ballots on election day.

Mr. SPEAKER: Does any other hon. member wish to speak to the point of order?

Mr. FINN: I should like to say just one word on this resolution.

Mr. SPEAKER: This is a point of order. Does any other hon. member wish to speak to it? The amendment moved by the hon. member for Vancouver North (Mr. MacNeil), and seconded by the hon. member for Vancouver East (Mr. MacInnis), is that the motion be amended by adding thereto the following clause:

(c) Methods whereby lumbermen, fishermen, seamen and miners in the province of British Columbia may be enabled to exercise their franchise under the Dominion Elections Act, 1938.

The Minister of Pensions and National Health (Mr. Power) rightly points out to the house that voters of these classes are already entitled to vote, under the Franchise Act. Therefore I think this amendment, as an addition to the motion before the house, would be useless. If it had been a direction to the committee to inquire into further facilities to be afforded voters of these classes, it might have been considered, but on that score I consider the amendment not in order.

Further, I have looked into the question of amendments and subamendments generally, and the rule is that no new question may be introduced in this manner. I quote from Bourinot, at page 321:

If such a practice were tolerated, all the benefits of giving due notice of a motion, and allowing the house a full opportunity of considering a question, would be practically lost. A member would then be in a position to surprise the house at any moment with a motion of importance, and the necessity of giving notice would be superseded to all intents and purposes.

This was the second point raised by the Minister of Pensions and National Health, and on these two points I consider that the amendment proposed is out of order.

Mr. MacNEIL: With all deference, Mr Speaker, because of the principle involved, I must challenge your ruling.

Mr. SPEAKER: There is only an appeal from my ruling.

Mr. MacNEIL: Then I appeal from your ruling.

Mr. SPEAKER put the question as follows: During the debate on the motion to appoint a select committee to study and report on methods used to effect a redistribution of electoral districts, and methods whereby the source and disposition of sums received and expended in promoting the return of members of the House of Commons may be readily traceable, and so on; Mr. MacNeil moved, seconded by Mr. MacInnis, that the motion be amended by adding thereto the following clause:

(c) Methods whereby lumbermen, fishermen, seamen and miners in the province of British Columbia may be enabled to exercise their franchise under the Dominion Elections Act, 1938.

The amendment was ruled out of order on the ground that it raised a new question beyond the scope of the notice of motion, and a new instruction to the committee should have been moved instead.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the chair was sustained on the following division:

YEAS

Messrs:

Baker	Black (Mrs.) (Yukon)
Barry	Blair
Beaubien	Bothwell
Bertrand (Prescott)	Boulanger
Black (Chateauguay-Huntingdon)	Bradette
	Brasset

Cardin
Casselman
Chevrier
Clarke (Rosedale)
Clark (York-Sunbury)
Crerar
Davidson
Deachman
Denis
Deslauriers
Donnelly
Douglas (Queens)
Dubois
Euler
Evans
Farquhar
Ferguson
Ferron
Finn
Fleming
Fournier (Hull)
Gardiner
Gladstone
Glen
Golding
Goulet
Grant
Hanson
Hartigan
Homuth
Howard
Ilsley
Isnor
Johnston (Lake Centre)
King, Mackenzie
Kinley
Kirk
Lacombe
Lapointe (Matapedia-Matane)
Leader
Leduc
Lockhart
McCallum
McCann
McCuaig
McCulloch
McDonald (Pontiac)
McDonald (Souris)
McIntosh
McIvor
McKenzie (Lambton-Kent)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Melfort)
MacLean (Prince)
McLean (Simcoe East)
McNevin (Victoria, Ont.)
McNiven (Regina City)
MacNicol
McPhee
MacRae
Mallette
Manion
Martin
Matthews
Mayhew
Michaud
Mills
Mulock
Mutch
O'Neill
Patterson
Perley
Pinard
Power
Purdy
Reid
Rennie
Rickard
Robichaud
Ross (Moose Jaw)
Rowe (Dufferin-Simcoe)
Sanderson
Senn
Stewart
Stirling
Sylvestre
Taylor (Nanaimo)
Telford
Thompson
Tremblay
Tucker
Turner
Ward
Warren
Weir
Wermenlinger
White
Winkler
Wood
Young—115.

NAYS

Messrs:

Blackmore
Coldwell
Douglas (Weyburn)
Esling
Fair
Green
Hansell
Hayhurst
Heaps
Jaques
Kennedy
Kuhl
Landeryou
Lennard
MacInnis
MacNeil
Macphail (Miss)
Marsh
Marshall
Massey
Needham
Neill
Pelletier
Quelch
Ross (St. Paul's)
Woodsworth—26.

[Mr. Speaker.]

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, your honour's ruling a few minutes ago was based, I take it, on the objection raised by the Minister of Pensions and National Health (Mr. Power) that the reference included, if I might put it that way, too much territory, and I noted that when your honour ruled you stated that had the motion been differently worded it might have been in order. The preamble of the resolution states that the committee is to be appointed to study and to report. I therefore move seconded by the hon. member for Weyburn (Mr. Douglas) that the motion be amended by adding thereto the following clause:

(c) Methods whereby certain lumbermen, fishermen, seamen and miners absent from their electoral districts may be enabled to exercise their franchise in dominion elections.

I believe, your honour, that this meets the objections which were raised. The previous amendment that was presented was well discussed, and the reasons for the adoption of this amendment are those that have already been discussed earlier this evening.

Mr. POWER: I would suggest, Mr. Speaker, that this amendment is out of order on pretty much the same grounds, but personally I think perhaps every member of the committee would have no objection to this question going before it again this year. This is a matter that was studied for three years and met with an unfavourable reception by the committee, but rather than waste the time of the house I would suggest that the question be allowed to go to the committee.

Mr. SPEAKER: The amendment is about the same as the previous one so far as being in order is concerned.

Mr. TAYLOR (Nanaimo): Mr. Speaker, I find myself in agreement with this amendment because it does tend to enlarge the democratic privilege of the voters, and I should be glad if the minister would accept this amendment and allow the question to be considered by the committee.

Mr. MANION: Mr. Speaker, while I voted to support your ruling because, on the general principle of parliamentary procedure, I think a Speaker's ruling should be upheld so far as it can be, at the same time I should like to make it clear that those on this side of the house who voted to support your ruling believe that if there is any method whereby the lumbermen, fishermen, seamen, miners and others who are unable, because of absence, to vote at their regular polling place, can be given the right to vote, it should be given to

them. My opinion, as I listened to the amendment of the hon. member for Vancouver North (Mr. MacNeil), was that it was one that should be moved in committee.

Mr. HEAPS: How could it be?

Mr. MANION: I think it should be moved when the matter is being considered in the committee. My hon. friend (Mr. Power) shakes his head. Then it could be moved as an amendment to the report of the committee or when we are dealing with the act itself, if amendments are to be made to the act. But I rose merely to say that while I voted for the Speaker's ruling, I believe that if there is any method whereby the principle of both these amendments can be incorporated in the Dominion Elections Act, I should be entirely in favour of it.

Mr. MACKENZIE KING: Mr. Speaker, it might serve to regularize the amendment to have it in the form of an instruction to the committee that they may consider the following. That, I understand from the clerk, would be the correct form in which the amendment should be put, and if it would satisfy hon. gentlemen opposite to have it presented in that way, it would conform to the rules of the house.

Mr. COLDWELL: Mr. Speaker, I agree to that suggestion and thank the Prime Minister.

Mr. SPEAKER: Then, by leave of the house the amendment will be amended accordingly.

Amendment (Mr. Coldwell) agreed to.

Motion (Mr. Power) as amended agreed to.

UNEMPLOYMENT RELIEF

UNEMPLOYMENT AND AGRICULTURAL DISTRESS —UNDERTAKINGS IN GENERAL INTEREST AND FINANCIAL ASSISTANCE TO PROVINCES

Right Hon. W. L. MACKENZIE KING (Prime Minister) (for the Minister of Labour) moved that the house go into committee to-morrow to consider the following proposed resolution:

That it is expedient to bring in a measure to provide assistance in the alleviation of unemployment and agricultural distress and for such purpose to authorize the execution of undertakings in the general interest of Canada and requisite for the purposes of the act, out of moneys appropriated by parliament, and also to provide financial assistance to the provinces by way of loan, advance or guarantee, out of unappropriated moneys in the consolidated revenue fund, and for the appointment of necessary officers, clerks and employees.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

MEASURE TO PROMOTE AND ASSIST TRAINING OF YOUNG PEOPLE

Right Hon. W. L. MACKENZIE KING (Prime Minister) (for the Minister of Labour) moved that the house go into committee to-morrow to consider the following proposed resolution:

That it is expedient to introduce a measure for the purpose of promoting and assisting in the training of unemployed young people to fit them for gainful employment in Canada and, for such purpose, to appropriate sums aggregating four million five hundred thousand dollars to be expended over a period of three years from the 31st March, 1940. The application of the act and the payments made thereunder to be conditional upon such terms and conditions as may be agreed upon with the several provinces.

He said: There is a slight error in the fifth line. The line reads:

. . . to be expended over a period of three years from the 31st March, 1940.

That should have read:

. . . to be expended over a period of three years beginning with the fiscal year ending 31st March, 1940.

If the resolution might be amended in that form I should like to move it, and inform the house that His Excellency the Governor General, having been made acquainted with the subject matter of this resolution as amended, recommends it to the favourable consideration of the house.

Mr. WOODSWORTH: May we have any further details with regard to this matter?

Mr. MACKENZIE KING: It is only a motion to proceed to-morrow in committee. It is the formal motion required to have it appear under government orders.

Mr. MASSEY: Did the Prime Minister say that the date is 1940 or 1939? This year or next year?

Mr. MACKENZIE KING: "Beginning with the fiscal year which ends March 31, 1940." It is a roundabout way of putting it.

Mr. MANION: Why not simplify it?

Mr. MACKENZIE KING: It can be simplified to-morrow.

Motion as amended agreed to.

SEED GRAIN

REQUIREMENTS OF FARMERS IN CERTAIN AREAS OF SASKATCHEWAN

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): I should like to address a question to the Minister of Agriculture (Mr. Gardiner), based on a report in the western papers of a discussion which took place at the convention of the association of rural municipalities, setting out an alarming situation with respect to the lack of seed grain, especially rust resistant grain, in certain areas of Saskatchewan. I wish to ask the minister if he is prepared to assure the house that either the provincial government or this government will in due time take action which will provide for the requirements of seed in the area where it is needed.

Hon. J. G. GARDINER (Minister of Agriculture): The matter of supplying seed where it is needed in Saskatchewan has been under discussion. I understand that the provincial government have the matter well in hand, but I am not in a position to say anything more than that with regard to it.

WHEAT POLICY

FIXED PRICE FOR 1939 CROP—CONTINUANCE OF WHEAT BOARD

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): In view of the fact that seeding on the prairies may commence within a month, can the Minister of Agriculture (Mr. Gardiner) inform the house when we may expect some definite pronouncement regarding the question of a fixed price for the 1939 crop and the continuance of a wheat board? I may say we are being asked this question continually. When may we expect an announcement?

Hon. J. G. GARDINER (Minister of Agriculture): All I can say with regard to that is that the policy of the government will be announced in due course.

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO DATE OF PRESENTATION OF REPORT OF ROWELL COMMISSION

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): I wish to ask the Prime Minister (Mr. Mackenzie King) when he expects to receive the so-called Rowell commission report. It was mentioned in the speech from the throne that a certain course of procedure based upon that report might be carried out, and I am hoping that the report will be received early in the session so that we shall have plenty of time to give it consideration.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The last time I had a word with the chairman of the commission was at the beginning of the year so that I might advise parliament when parliament met. I was then informed that the commission hoped to have their report ready about Easter. I am sorry that I am unable to say whether they are still of that opinion. I shall inquire and try to let my hon. friend know later.

NATIONAL FILM BOARD

REVIEW OF GOVERNMENT FILM ACTIVITIES—INTERDEPARTMENTAL COMMITTEE TO CENTRALIZE DISTRIBUTION

Hon. W. D. EULER (Minister of Trade and Commerce) moved the second reading of Bill No. 35, to create a national film board.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Definitions.

Mr. STEVENS: The other evening I pointed out that from the terms of the resolution I feared that what we were about to do was to erect more elaborate machinery for carrying on what could very well be done with the existing machinery. This part of the section, (c) "commissioner," is a part of the interpretation clause which deals with the question of introducing the name "commissioner." The next sentence, (d), refers to "director." My view is this, that without the enlargement of the personnel of the motion picture bureau, that bureau with its director could do all that this bill provides to be done. Not only does this clause mean the appointment of an additional first-class public official, with, no doubt, a substantial salary, but it means that he will be surrounded with all the staff which goes with a position of that kind and it involves a great deal of additional expense. I am quite aware, because I have read the bill through, that certain provisions in it make it necessary to appoint the commissioner, but I am taking this first opportunity since the introduction of the bill to reiterate my protest of the other evening that what we are really doing is expanding the service, I believe unnecessarily. Let me add, so that there will be no question of my motives, that the bureau under the direction of Mr. Badgley,

the present director, has done excellent work and is capable and competent to do continued work quite equal to that contemplated in this bill.

I assume the minister will say—I will anticipate what he is going to say—

Mr. EULER: The hon. member may be wrong.

Mr. STEVENS: I may be wrong, but I think I know his mind in this matter. The minister will probably say that this commissioner is to coordinate the present diverse activities of a number of departments in connection with this matter, and that it is necessary to introduce some new person, with a glorified title, in order to impress those in other departments with the importance of this gentleman, so that they will willingly pass on to him their requests, which at present apparently they are not prepared to do to the director. I pointed out the other day to the Prime Minister that all that was necessary in connection with the present machinery was the exercise of administrative authority in order to achieve what this bill is doing, without any additional expense, except that which might be necessary in the physical enlargement of operations—that is, in an increased number of films and so on, if that were thought advisable.

The other evening, speaking from memory, I said that the vote had been about $50,000 or less. I find it was $40,000, or less. In this year's estimates the amount is $150,000. Here is a jump from less than $40,000 to $150,000, a substantial portion of which will be used up, I might say, by the commissioner and his staff, through enlarged offices—because you will have to have offices for the commissioner, for his secretary, for his stenographic staff, and so on. You will have a new battery of offices and an enlarged staff, and by no means all of that $150,000 will go towards the improvement of the actual service.

I say to the Prime Minister and to the Minister of Trade and Commerce that if they will give to the present bureau additional funds such as they gave last year, they can get from the present personnel and organization all the service they want and all the service that is required in connection with the motion picture business of the government. This is simply the commencement of a large, new organization; and I venture to predict that next year those who come to the house—and possibly some here to-night will not be here at that time—will find that the estimates are again enlarged, and that this, that, and the other thing will be required in order that this new body may have room to operate.

I am sorry the minister did not listen to my suggestion the other evening, and that he has persisted in going ahead with this new organization. In other words, he is superimposing upon an efficient existing organization unnecessary expansion and personnel. I might say, by the way, that usually the minister is reasonably cautious and conservative in his views.

Mr. EULER: Order.

Mr. STEVENS: That is, of administration. But here he is now becoming quite reckless in his manner of expenditure.

An hon. MEMBER: Liberal.

Mr. STEVENS: My hon. friend reminds me that the expansion tendency is Liberal, and I accept that. I was a little delicate about suggesting it. However, it is really a waste of funds, and I protest earnestly and sincerely against it.

Mr. EULER: May I say the fact that I am not able to see eye to eye with the hon. member who has just spoken is really no reflection upon his powers of persuasion. As a matter of fact, with all due respect to him I am afraid he is not quite seized of the intentions of the bill.

Mr. STEVENS: Oh, I said I recognized that if the balance of the bill were carried the commissioner would undoubtedly be necessary to carry out its provisions. But, leave the commissioner out, and you will not need the balance of the bill.

Mr. EULER: My hon. friend will appreciate that it takes some centralized authority to coordinate the work of the various departments—

Mr. STEVENS: You have it now.

Mr. EULER: —which, primarily, is the purpose behind the bill. If he will appreciate, too, that the board is being set up with the thought that one of its activities is to be the framing and production of what I called national films, he will see that there is a real need for an official of this sort.

Mr. STEVENS: None at all.

Mr. EULER: And for a board. That, of course, is just because of a difference of opinion between the hon. member and myself.

Mr. STEVENS: Decidedly.

Mr. EULER: While my hon. friend has had experience in the Department of Trade and Commerce, perhaps he has not appreciated, as I believe many hon. members have, the great place which the film has made for itself in ordinary business and in various activities throughout the world. Probably he does not realize that other countries are adopting this medium for the promotion and spreading of intelligence, information and, if you like, entertainment for the working out of certain national interests.

That is the purpose of what we are doing. When the hon. member speaks of the term "commissioner" as being a glorified name to impress other departments—well, I think that is hardly worthy of him. That is not the purpose at all. As a matter of fact, it does not matter particularly to me whether the man in charge is called a commissioner or by some other name. I regarded that as a suitable name to describe his functions.

I think my hon. friend does not show a complete appreciation of what we want to do. It is this, that the director of the bureau —and may I say that I can join with him in paying tribute to the efficiency of the director—has enough to do in running the bureau and in dealing with the production of films.

The commissioner will have entirely different work to do. Under the board itself, which will frame policies and which will decide as to national films, if you like, and as to the work which is to be carried on, the commissioner will himself have a sphere in which he may work, and will do work which in my opinion the director of the bureau will not be able to do. There will be sufficient scope for work for both of them.

Had I the time I might dwell upon what I mean by the production of national films. I said the other evening there might be a need or a desirability for the production of a national film which would appeal to the whole country, and which could not be produced by any one department. As we have it now, we have half a dozen departments of government which produce films, but which deal only with the particular work of their own department. But that does not touch what we mean by a national film.

Perhaps from some notes I have before me I might give a somewhat more complete description of what is meant by a national film. I have spoken of what is meant by a departmental film, namely one which would serve the needs of any one department. For instance, the Department of Trade and Commerce might require a film in connection with the promotion of the sale of goods. One might be required by the Department of Transport, which would deal with encouraging tourist traffic. Then, we might require another for the Department of Labour, and still another for the Department of Mines and Resources, which might deal particularly with the mining of gold or any other mineral. Then we might have a film which would appeal to the whole country; sometimes they are known as prestige-building films. Usually in a dramatic or imaginative way they show different aspects of a country's life. They show its work, its resources, and its achievements in the various fields of social and industrial endeavour. Such films are designed to sell the idea of a country in terms of national perspective, so as to build up an increased interest and a favourable sentiment towards a nation and its people, at home and abroad.

The other evening the hon. member for Vancouver South (Mr. Green) offered the suggestion that provision be made for the distribution of national films designed to help Canadians in all parts of Canada to understand the ways of living and problems of Canadian people. That conveys pretty well the idea of what is meant by a national film. I am not going into the matter at greater length, but I would say that if the committee believes there is work to be done by way of having national films which appeal to the country at large, entirely distinct from the work of any one department, then I think we have room for the formation of a film board, to be headed by a film commissioner, which would carry out that work entirely in addition to the work of coordination of the operations of the various departments, to which I made reference before.

The hon. member has made reference to the amount of money appropriated this year. He has said that last year we spent a little less than $40,000.

Mr. STEVENS: No; last year the amount was about $88,000. In 1937 it was $40,000.

Mr. EULER: No; I have information before me showing the amounts for the last ten years—going back to the time when the hon. member was in charge of the department. These are the amounts:

Year	Amount in estimates
1929-30	$75,000
1930-31	75,000
1932-32	65,000
1932-33	45,000
1933-34	70,000
1934-35	50,000
1935-36	40,000
1936-37	40,800
1937-38	41,880
1938-39	40,279

The drop in 1935-36 may be significant. So it would appear that the amount is quite small. As the hon. member has correctly stated, last year the amount was more than $88,000. The explanation is simple. My hon. friend may not know it, but in the last year or so the estimates have been drawn up somewhat differently from what they were before. Where before the salaries were included in civil government, they are now included in the film vote. That practice is now carried on throughout the various departments. In the coming year the same thing will be done, but in addition to that we are going to spend more money for film purposes. We propose to make five or six additional films, because the films now distributed in the old country, those films in our distribution depot in the United Kingdom, are obsolete. They are no longer worth sending out, and we must have something new if we want them to be worthy of this country. That is the reason for the additional appropriation.

I do not share my hon. friend's fears to the effect that the film board will be expanded into a heavy-spending body. I do not anticipate that for a moment. The work we want to do is coordinating the film activities of the various departments. I sincerely believe we can actually save some money.

Mr. MacNICOL: By cutting down the expense in the film branches of other departments?

Mr. EULER: Exactly, where there is overlapping or inefficiency. But with the growth of the film as a method for the dissemination of information and advertising I would not say that it is not possible and might not indeed be thoroughly justifiable and a proper thing to do to spend more money in that way. We are using this particular method of advertising Canada and Canadian activities and the work of the various departments. But it is not the intention arbitrarily to create a board with a big staff and spend large sums of money. In fact, I think at the outset about the only additional expenditure besides perhaps national films that we ought to have is the salary of the commissioner himself. I do not know what that salary is going to be. It is important that we get the right man as commissioner, because an important duty will rest upon him in the working out of the national films themselves. Beyond that, I should think a stenographer and perhaps a clerk in the office will be all that is required.

Mr. MANION: That is the way it always starts.

Mr. EULER: Well, I say quite frankly that if it is found to be in the interests of Canada that that branch should expand, I should have no hesitation in bringing before the house added estimates to carry out what I consider to be in the interests of the country. But in the meantime there is no intention of having it become a heavily manned and expensive department.

Mr. MANION: Could the minister give the costs of the film branches of other departments?

Mr. EULER: I can only give what the other departments expended with other film producing concerns:

Finance	$ 1,555 00
Justice	403 31
Mounted police	13,002 68
Post office	1,606 64
Mines and geology branch	23,116 57
Lands, parks and forests	7,301 12
Agriculture	5,013 43
	$51,998 75

That is for the last fiscal year, 1937-38.

Mr. LANDERYOU: Does that include the Department of National Defence?

Mr. EULER: That department is not mentioned. This is information supplied by the treasury officials regarding expenditures made by the departments for motion pictures and other photographic work other than payments to departments of the public service. Some of the work is done through the bureau and some by outside concerns. I think one or two of the departments did not use the bureau at all. Since we have a bureau that is as good as anything in this country or even in the United States, it is hoped that in the interests of economy, if for no other reason, that they will use the facilities we have now in the bureau. We have a plant there that has cost the country something like $200,000—I do not think in the last three years since I have been in charge of the department that much has been added in the way of capital expenditure. But we have a well equipped and well manned bureau that can do the work; why should it not do it?

Mr. MANION: Is the money spent by the other departments, amounting to nearly $52,000, for work done by the moving picture section of his department or by outside companies?

Mr. EULER: This is "other than payments to departments of the public service." That is not very clear. I am not sure whether it is the money spent with the bureau or money spent, for instance, with Associated Screen

News or some other private concern. This is not all that was expended by the other departments; that is true. But we do hope that in the coming year, when this board is established, all the departments of government will as far as possible use the facilities of our own bureau. If the bill goes through, it will be necessary for the various departments to get permission of the board before they can project any films.

Mr. MANION: Has not the minister today a Mr. Badgley who is director of the moving picture branch of his department, which really is the only moving picture branch of any importance that we have in the country?

Mr. EULER: That is correct.

Mr. MANION: Does the minister know whether that work done for the other departments was done by outside companies, or paid by the different departments to his moving picture branch?

Mr. EULER: It is done both ways.

Mr. MANION: Yes. The moving picture bureau under Mr. Badgley of the Department of Trade and Commerce, is a branch for which I have a good deal of respect. While I was never Minister of Trade and Commerce I was acting minister of that department occasionally when the then minister, the hon. member for Kootenay East (Mr. Stevens) was away. Thus I became acquainted with the work of Mr. Badgley and his group, and I have a great deal of respect for him.

In view of the comparatively small amounts that are being spent by the other departments mentioned by the minister, who said the mines branch was spending some $20,000 while various others were spending less, some as little as $5,000, is it not sufficient to leave things as they are and allow Mr. Badgley to carry on exactly as he is doing, with this modification: If other departments want moving picture work done, it should be done by Mr. Badgley's branch? If it is necessary, from the point of view of other departments, to have some check on Mr. Badgley, that might be effected by some kind of interdepartmental committee. Take the mines branch, as a good illustration. Possibly there will be more and more work done on behalf of that branch, which has to do with one of our great industries. The Department of Agriculture might be another branch that would have a good deal of work to be done. If Mr. Badgley had something in the way of an interdepartmental committee to assist him, he could do exactly what would be done by the new commission proposed by the minister.

We have Mr. Badgley, an able civil servant, who has been doing splendid work: the minister himself said so, and I know that to be the case from what little experience I have had with that bureau. He is not to be encouraged to carry on his work on the wider scale which the minister believes will be necessary. Instead of that, and instead of attaching greater importance to his position, the government is thinking of bringing in some outsider, no doubt a man who has had something to do with moving pictures, putting him over Mr. Badgley and forming a new bureaucratic branch of government. I say this sincerely, and with no thought of merely opposing the minister: I believe we have enough departments of government now.

I remember many years ago in this house listening to a speech by the Minister of Mines and Resources (Mr. Crerar); as I remember it, he was then in opposition. I have never forgotten that speech; it is the only one he ever made that I remembered—he is behind the curtain there, so I will tell him this. In his speech he showed the rapid increase in the number of civil servants, year after year. I do not wish to steal the thunder of my hon. friend the member for Kootenay East (Mr. Stevens), but as he pointed out the other day, every time a new branch of any kind is established it starts out with an officer and a secretary. Within a few months the secretary has a secretary, and of course there is always a messenger in the beginning as well. Then, before you know it, you have a real branch of some department built up, and the more employees they get the more important they think they are. It is a strange thing, but I am informed by outstanding civil servants that many of them at any rate, if not all, judge their importance by the number of employees they have under them. So it seems to be a habit, whenever a new branch is established, to build it up and make it important. I could give many instances which I remember. I have one in mind in particular, but I do not wish to name it because I believe it performs a useful service. I can think of others, however, that have started in the same way and have been continually built up. Finally, instead of spending the $125,000 which is indicated for this year, we shall be spending perhaps $250,000, and we shall have another bureaucracy taking over part of our government.

I say to the minister in all sincerity that he should hold up this bill a little longer, give it further consideration and see if a scheme cannot be worked out, as I feel sure it can, whereby Mr. Badgley may remain in

control of his own bureau, assisted by something in the way of an interdepartmental committee made up of representatives of the other departments interested. These might include the Department of Mines and Resources and perhaps the Department of Agriculture. The minister of that department, being such a good friend of the Minister of Trade and Commerce, probably would be of particular assistance. That is an aside, however; that is not really of any great importance.

Mr. EULER: My hon. friend does not really mean that.

Mr. MANION: No, probably I do not. To be serious, however, I do believe the minister could allow things to remain as they are, with Mr. Badgley in control, and set up a committee of representatives of two or three other departments, who would see that all applications received fair treatment. I am sincerely of the opinion that the minister would be well advised to hold up this legislation and not start another branch which to my mind is not necessary, and I say that after having listened with reasonable care to what the minister has said and to the discussion that has taken place.

Mr. McIVOR: I have a purpose in rising at this time, Mr. Chairman. I believe this change will make for efficiency. There seems to be more than one head to this body now; and I am sure the leader of the opposition, being a medical man of note, would agree that one head was enough for one body. We have reason to believe that the work of this branch is increasing, and it is most important work. We can send down to this branch, secure films and send them back to our constituencies without any charge of any kind. Many of these films were shown in Chippawa park last year, and they attracted and interested tourists from outside Canada.

I desired to ask whether the work of this department was growing rapidly, and also whether the department is now under one head? My other purpose was to tell the minister that one of the most important sections of Canada seems to have been left out when these films were made. Those who know the head of the lakes will agree that there we have scenery second to none on the continent of north America. For instance, we have Kakabeka Falls, with 190 foot head. If the minister will see that these pictures include some of the beautiful scenery at the head of the lakes, I am sure it will interest tourists from all over this and other countries.

Mr. MASSEY: Mr. Chairman, I gather that in connection with this bill the minister is permitting a general discussion of the whole situation, and I think we must look at it from the point of view of the importance of the job that is to be done. After all, we have at hand an organization for the production of films. As I understand it, the minister is not anxious to add to that organization; rather, he desires some body which through one individual, the commissioner, will have control over the production of films for the various departments of government. His idea, as I gather it, is not to add to the present film division; his desire is to have a coordinating body.

The success or failure of the coordinating body which he suggests, as I see it, depends upon two main factors. In the first place the success of what he has in mind will depend very largely upon the choice of the commissioner. If the commissioner is a man who has not had the full breadth of experience necessary for this position, he will not be of value to the board to which he is responsible; for, after all, he will be the connecting link between that board and the mechanical production of these films. Therefore he must be a technical man, able to give to the board such advice which is so necessary in the production of a successful film.

According to this bill, there are three gentlemen outside the permanent civil service who are to be appointed to the board. When discussing the resolution the other evening I suggested to the minister what I thought was a most important point. I suggested he make sure that among these three men there should be at least one—it would be preferable to have more—who had certain experience, not only in the production of film but in its conception. After all, an idea is one thing and the production of it is another. It is all very well for the minister of any department to suggest that a film should be produced to accomplish a certain purpose which he has in mind—it may be that the tourist bureau would want to show that in certain parts of Canada there are attractions for the tourists in the form of bass, maskalonge or otherwise—but one would not expect the minister to be a showman, as I suggested the other night. The conception of that film would be one thing; its production would be another. Just exactly how are you going to provide a short to be shown on the screens in the northern part of the United States drawing attention to the fact that there are certain areas in Canada where the maskalonge is just waiting for the tourist to come to take him home? After all, there are various ways in which that

can be done. I have seen it done successfully and I have seen it done badly. Therefore, in considering the suggestion which the minister makes, I think it is highly desirable that the commissioner should be the type of man which I have outlined. And further, as I have said, at least one and preferably two of the three men to be appointed outside the permanent civil service should be of the type who can give the fullest and best advice to the whole board.

I do not know whether the minister has anyone directly in mind to be appointed commissioner, but this man should possess three main attributes. In the first place, he should be a technical man or he should be constantly making contacts with those who have technical ability. He should be able to tell the board whether or not what is suggested is possible. After all, there may be a suggestion made in all sincerity by a minister for the production of a certain film which might present unusual and extraordinary technical difficulties. The commissioner ought to be able to see at once that while such a film can be produced, if it were produced in a certain way it could be turned out at perhaps a third of the cost. He should have some knowledge of the technical difficulties which may be encountered in the production of film and some realization of the technical possibilities.

Then he should be a showman in his own way. He should have some idea of how a film should register upon an audience. He should be able to say to a minister whether or not the suggested film will be suitable for the type of audience to which it is to be shown. In the third place, and probably the most important, he should be an advertising man. If we look through the pages of our newspapers, if we glance at our magazines or if we listen to our radio we do not find it difficult to tell whether the advertising we see or the advertising we hear has been prepared or produced by a man who knows something about that art. The effect of advertising, be it received through the eye or through the ear, or both simultaneously, must be spontaneous. To be effective, advertising must be at once effective. When you see a film, the impression which it is intended to leave is either left upon your mind or it is not. It seems to me that the necessity for an advertising type of commissioner is an exceedingly important point.

There is a great need for films to present Canada, not only to Canadians but to the people in other parts of the world. The minister knows from his own experience in other countries that the phrase "made in Canada" does not have the effectiveness it should. We are proud of our agricultural products, as we have every right to be; we are confident that our manufactured products are of a type and kind which should have acceptance on the markets of the world. Certainly it is the policy of hon. gentlemen opposite that it is highly to be desired the channels of trade be opened to Canadian produce and to Canadian manufactured products. On the other hand, any salesman knows that adequate advertising decreases sales resistance and heightens desire, and thus is an important part of successful trade.

As the government of Canada has made it possible, through such agreements as the Ottawa agreements of 1932, to permit our entry into the market of the United Kingdom, it seems to me to be highly desirable, from the point of view of the producer of this country, that the government assume its share of responsibility in attempting to merchandise those products in that particular market. I have been to various shops, vegetable markets and so forth in the United Kingdom, and I have found great difficuty in obtaining made-in-Canada goods. I am sure the Minister of Trade and Commerce (Mr. Euler) and the Minister of Agriculture (Mr. Gardiner) will agree on at least this one point, that we should advertise our merchandise as fully as possible, be it agricultural products or be it manufactured products, in the market in which we are attempting to sell.

Canada is a tremendous country capable of producing highly diversified products, but I have yet to happen to be in an English or Scotch cinema when there was being shown a picture depicting Canada from the point of view of the production of farm products or the production of manufactured products. The average resident of the United Kingdom has little idea of the length and breadth of Canada; he has little idea of what our prairies look like and so on, but he can be shown these things. This need not be done according to the Hollywood conception; it need not be based upon some absurd drama; it should be by means of a carefully prepared government film. For example, if we are to sell our excellent prairie beef in the United Kingdom, surely the consumer in the United Kingdom should have an opportunity of seeing from what part of the world that beef comes. Such a film could be made extremely attractive.

Then I turn to the tourist trade. The average resident of the United Kingdom has never been to Canada. The number of tourists from the United Kingdom to Canada

is very small compared with the number that come from the United States. Perhaps this year the resident of the United Kingdom may be a little wary of going to the continent. He likes to travel, and he should be made to realize that Canada can provide a perfect and comparatively safe playground for his summer holiday. Are we in the process of preparing adequate advertising literature, films or whatever may be needed to attract the visitor to Canada? I am sure Mr. Dolan is to be heartily congratulated upon the work he has done with the tourist bureau; but, as I have said in the past in committee, the vote which we grant each year for the development of our tourist trade is highly inadequate. Our tourist trade has been one of our most profitable businesses. Many hundreds of thousands of tourists come here each year from the United States, but we can do more, much more, to develop this trade.

To sum up what I have said, it seems to me that the purpose of this bill is perfectly sound from many different points of view. I fully realize that there may be the danger of appointing another commission, that we may be providing a temptation to broaden out and spend more money. I suggest to the minister that he has at hand, without going very much further, the necessary material to build up through readjustment what he has essentially proposed in his bill. I have, as I have already said, great confidence in Mr. Badgley. It seems to me the work he has done so far has demonstrated that he possesses in great part those attributes I suggest the commissioner should possess. The minister may say that it is a two-man job to run a film bureau and to act as commissioner on this board. It may be so. On the other hand, if that is so, instead of retaining the present set-up of the film bureau why would it not be possible from out of the film bureau to take the head as a sort of commissioner and give him the necessary assistants to carry on the work which he would not be able to carry on by himself in the future as a result of his new responsibility. I think it is quite possible, Mr. Chairman, to form, as it were, a committee rather than a board within both the ministry and the permanent civil service.

Mr. EULER: There will be an interdepartmental committee in addition to the board.

Mr. MASSEY: And will the interdepartmental committee be composed of permanent civil servants?

Mr. EULER: Yes.

Mr. MASSEY: May I ask the minister whether the board will consult the committee, or will the committee report to the board?

Mr. EULER: The committee will really cooperate more particularly with the director of the bureau. My hon. friend will find when we come to that clause in the bill, it will be described in the bill itself.

Mr. MASSEY: Then I do not wish to detain the committee any longer. I have spoken at greater length than I had intended. I just want to say in conclusion that I think the minister will find and appreciate that he has on hand at the moment the necessary machinery for the production of films, and that in his effort to coordinate the activities of the various departments he will arrive at the conclusion that a board composed of the present available personnel is the best possible means of achieving that end. I suggest that he give full consideration to the possibility of developing the board itself from within the ranks of those who sit on the treasury benches and of the permanent civil service, bearing in mind that he has at his disposal the services of two such able gentlemen as Mr. Badgley and Mr. Dolan.

Mr. WHITE: Mr. Chairman, I am a little curious to learn from the minister the vent of these films. How are they circulated? Their purpose I take to be principally to attract trade and tourist travel from abroad to Canada. Are these films shown in moving picture theatres, and if so, are prices paid by the government to these theatres for the showing of the films. It is a very simple thing to produce films of Canada, its resources, scenery and so on, but a very different matter to have those films shown more or less throughout Europe and the United States. I should think that is a costly proceeding, and if the government has not as yet been paying out money to that end, what sort of circulation of the films has been secured?

Mr. EULER: The bureau has produced literally thousands of feet of film which are being distributed. They are not shown to as great an extent in the theatres as might be wished, because with the present practice of moving picture theatres of running two feature films, there is not much room for a short film.

Mr. MANION: Not enough sex appeal.

Mr. EULER: Perhaps not, but it is hoped that progress will be made by showing the film in the theatres. There are also a great many organizations which are very glad to receive these films. They are distributed to

schools, Y.M.C.A's and various social organizations. I might give some indication of the work which has been done.

Mr. LANDERYOU: Would the minister at the same time give the type of film distributed?

Mr. EULER: I am not sure that I can at the moment give the particular types of film distributed, although I can procure that for a later stage. The motion picture bureau has a world-wide circulation for its films far in excess of any other film organization in Canada and probably greater than any other governmental film organization in the world. It has more films in circulation in more countries than any other organization in Canada. The bureau has produced twenty-three new films in the last year. It has at the present time over 6,000 copies of its films in active circulation in about thirty countries and is reaching an estimated audience of probably 40,000,000 people each year. Actual reports for the past year show a total audience in the United Kingdom of over 4,000,000 and between nineteen million and twenty million in the United States.

Mr. WHITE: Are the films free to these organizations?

Mr. EULER: In most instances.

Mr. MANION: Is not the story which the minister has just told of the very good distribution that is now taking place an argument against what he is proposing? In other words, the present distribution is so good, as he has just described it to us that I do not see why he needs any different type of organization. That struck me when the minister was giving his explanation. While I knew there was a considerable distribution, I do not mind saying I had no idea it was so widespread as the minister has just indicated. A distribution of film that reaches 40,000,000 people and spreads over thirty different countries seems to me a splendid distribution. The organization would seem to be doing such excellent work that I do not know why the minister wishes to change it. That is what puzzles me a bit. I think a little widening out along the line suggested by my hon. friend the member for Greenwood (Mr. Massey)—and that was really the suggestion which was made by the hon. member for Kootenay East and myself, namely that the present organization be widened—with Mr. Badgley remaining as the head, and something in the way of an interdepartmental committee to advise him, should answer the purpose. If the minister wished, there could also be something in the way of outside honorary advisers. But the idea of bringing in another commissioner, and setting up another bureau over Mr. Badgley and the men who have brought about this splendid distribution, seems unnecessary and really strange to me.

Mr. EULER: I am sure that my hon. friend will agree that nothing is ever so good that it cannot be improved, and that is exactly what we hope to do in the setting up of this organization. Something has been said with regard to Mr. Badgley who is now director of the bureau, and the suggestion has been made that he could handle the whole thing. I have nothing to say of Mr. Badgley but what is good; he is an excellent official. But—and when I say this I am giving no intimation whether Mr. Badgley or anyone else is to be the commissioner because neither the government nor I have given any consideration to who the commissioner might be—I do contend that if we are going to carry on this work in the way that has been suggested by the hon. member for Greenwood and according to what is in my own mind, it means a better distribution, the elimination of overlapping, and the creation of what we might call departmental films. I think there is a job there for two good men; one as a director of the bureau, to do the work that is being done now—and perhaps still better work is possible with added facilities—and certainly there some one else is needed for the framing of national policies and the producing of national pictures such as will be done by the board with the assistance of the commissioner, the commissioner being an executive officer.

I am convinced, after giving this matter a great deal of thought, that it will add to the efficiency of our picture distribution if we adopt a plan something of this kind. The bureau itself is the productive factor. The work of initiating films, especially of a national character, is something entirely different. It is related to it; but it requires, to my mind, a different kind of efficiency—initiative, and the power of developing films on a national basis for educative purposes, advertising purposes and so forth. Not the production itself, which is more or less a mechanical job, but the initiating of ideas in connection with national films, requires something more in the way of special capacity, and it is for that reason we want to enlist the services of someone from the outside.

The hon. member for Greenwood made a very good point, I thought, when he said that there will be required on that board one technical man who knows something of the

film business, something of the value of advertising, something of the sort of appeal which can be made to the public. That knowledge ought also to be in the commissioner himself, and it is going to be an important matter to select the right man for that position. It may be Mr. Badgley; I do not know. There seems to be considerable solicitude in the committee as to what will become of Mr. Badgley. I am not prepared to say. I am perfectly sincere when I say that the selection of the commissioner has not been made even tentatively as far as I am concerned. But I believe that if we want to carry out the principles outlined in the bill, to coordinate the work of the various departments and initiate national films for general country-wide educational purposes, we need the two organizations and their officers, the director of the bureau and the commissioner to proceed with the work under the board itself.

I do not know that I can make any better argument. I could give, perhaps in more detail, a description of the work it is hoped to do. I could give a description of the work which is now being done, and show that the work done by the various departments individually and separately, while good in itself, can be tremendously improved by eliminating some of the overlapping and unnecessary expenditure.

I should like again to reassure if I can some hon. members who seem to fear that we are going to set up a costly organization to run into hundreds of thousands of dollars of expenditure and create another bureaucracy. I regard that as imaginary. I do not believe it will happen, because the committee should remember that all the moneys the board will spend must be voted by this parliament. On the board there will be two members of the government and three civil servants. From that it surely must be evident that the operations will be thoroughly under the control of the government itself and of parliament. So long as I happen to be at the head of the department there is not going to be any spreading out of an expensive staff in connection with this board. As a matter of fact, I am astonished that so much argument has arisen in connection with it. It is not a tremendously expensive agency that we propose to set up; it is just something which seems to me to be the sensible and businesslike thing to do. So far from creating expense, I believe we shall eliminate some expense and obtain more efficiency than we have had hitherto. That is all the purpose we have in mind.

Mr. STIRLING: For instance, in the matter of accommodation, will there be room in the motion picture bureau for this board of about fifteen people, including the advisory board, the secretary and so on? Is there accommodation for a number such as that?

Mr. EULER: I have not given any thought to that. But this board will not meet very often, probably only once or twice a month, and surely it will be an easy matter to find a room in which its meetings can be held. As to the small office staff, one or two at most in addition to the commissioner, I do not think I shall find any difficulty in providing room in my department to accommodate these people.

Mr. STEVENS: I am not going to prolong the discussion beyond making clear my position. I had directed my remarks to the subclause of section 2 regarding the commissioner, but the discussion has broadened out until it involves really the bill. There are two or three matters to which I should like to refer. The term "coordination" has been used, and the suggestion has been made that this bill represents the first time that a little common sense has been injected into this business—

Mr. EULER: Oh, no.

Mr. STEVENS: —and that we are now going to do the businesslike thing and coordinate the motion picture business. The motion picture business was coordinated years ago when a bill was introduced for that very purpose. That is why the bureau was established. But, as I said the other night, because of loose administration—and I am not blaming particularly this government any more than previous governments — other departments crept into the business and we had the same condition as existed before the first coordination. Now we are going to have a second coordination to coordinate the first coordination. That is really what we are doing. All that was necessary was that the Prime Minister and the minister or the governor in council should call attention to the tendency to spread out, point to the fact that there was a bureau, and instruct the different departments to do their motion picture business through that bureau which at present exists, and which was coordinated once for that purpose.

The second point is that while you are erecting a board, you have at present in the minister's department an organization which will take care of all that is proposed in the bill. The national research council is under the direction of a committee of the privy council of which the minister is chairman. There are, I think, four ministers on that committee.

Mr. EULER: More than that.

Mr. STEVENS: Four or five. It is comparatively a small committee. The same thing could be done in this case. You could make your committee of one or two ministers plus several senior civil servants, and establish it by an administrative act without any legislation at all, under the precedent I have already cited.

Mr. EULER: My hon. friend was minister of this department and therefore was chairman of the committee of ministers which had to do with the research council.

Mr. STEVENS: Yes.

Mr. EULER: Did he find any difficulty in getting these ministers together and getting any actual service out of them? I did.

Mr. STEVENS: No. I had associated with me Doctor MacLaren, Doctor Sutherland and Mr. Gordon, and I have forgotten whom else. I think there were five ministers. I had no difficulty. I simply sent a notice out and they met in my office quite frequently.

Mr. EULER: The hon. member's experience is better than mine.

Mr. STEVENS: That may be. But we had no difficulty. The committee functioned admirably.

There is another point which, at least in my view, should be cleared up. The minister has referred several times to the bureau as "technical." Certainly the bureau is technical, but I want to tell him and tell this committee that the bureau under its present direction has all the elements of vision which are necessary for the production and designing of films. I was amazed at the unusual skill which was present there for the designing and production of film subjects. All we have to do is go over the library of films. If hon. members are interested they could go to the bureau and have a few of them put on the screen. It might be a good idea for the minister to invite members to go to the bureau to see those films, because I believe they are excellent. The hon. member for Greenwood stated a minute ago that he has not seen any in the old country. I was in the old country and I saw a number of them.

Mr. MASSEY: I said I happened not to have seen them.

Mr. STEVENS: I remember seeing a number of excellent films. I saw some Russian films, and films from other countries exhibited at the same time. I would say that those from Canada were in every respect equal to those from other countries. We have no reason, with our present organization —its efficiency, its skill, its science and its art—to take a back seat to any of them. It must not be permitted to go on the basis that, as we now have the technical requirements, we must set up a board and a commissioner to put into it the brains—or the science, or art, as the case may be—because we have that now.

I question very much whether, under the present scheme, we shall improve that phase of it one iota. I should like to see a committee of council, with the minister as chairman and with two or three other ministers associated with him who would have definite administrative instructions from the government. It would have to be one central film operation, and it would stop all this nonsense where individual departments may go off and buy films from the outside. The minister said a moment ago he was not quite sure, but I venture to say to him that every dollar of that $50,000 was spent outside the government service. I will venture to say further—and I challenge contradiction—that in addition to that it will be found there are little, miniature organizations in two or three other departments, organizations of semi-skilled individuals who call themselves film experts, carrying on a sort of secondary or subsidiary film bureau in the different departments. All that is required is a bit of administrative action on the part of the government to stop this useless duplication and this senseless broadening out of these things, after this first coordination was effected some years ago. There is now a coordinated body. Instead of erecting a new coordination organization, the government should take a step backward and insist that the department observe the present arrangement, respect it, and call for their service through that body.

With all due regard to the minister and his intentions—which I believe are serious; he knows very well I am not reflecting upon him in any personal way—I warn him, I warn the government and I warn the committee that if we go ahead with this organization we are simply going to superimpose on an existing excellent organization another one which will ultimately become very costly.

Let us turn to the next clause, which has already been discussed to some extent, and just visualize what it means. The minister is providing for a board to hold office for three years, one to retire each year for the first three years, and from then on they will hold office for three years—all outside members, as well as members of the privy council and the civil service. Once a board of

that kind, on which are outside persons appointed for terms of three years, is erected, they will start building up a little bureaucracy within the government; whereas, if a committee of council is appointed under the present authority, with no further legislation we would keep the administration under the control of the minister in charge.

Mr. EULER: It will be that way, because the minister will be the chairman; one colleague will sit with him, and three civil servants.

Mr. STEVENS: But you are erecting a board with outsiders on it. You can always call in an expert from any part of the country, and pay him for whatever advice you get. But in this way you are erecting a bureaucracy within the department, instead of maintaining ministerial control, which the hon. member for Témiscouata dilated upon so eloquently on Friday night.

Mr. LANDERYOU: There is a new and improved educational development in Alberta under the supervision of the minister of education. It has been declared by the minister in that province that they intend to a greater extent to use films throughout the schools of the province. Many of the schools, as well as churches and other institutions throughout Alberta, have facilities to make available to the public whatever national films may be produced by the department.

I find myself in accord with the bill. I should like to learn from the minister how many educational films we have which could be supplied to the schools.

Mr. EULER: I am afraid I cannot give the number now, but I could get the information for the hon. member. I should not like to give a definite figure.

Mr. LANDERYOU: What steps are being taken to inform the schools and churches as to the type and number of films they may have?

Mr. EULER: They merely have the knowledge that these films are in existence at the bureau, and when they write in for them the films are sent. I do not know that there is anything further done in connection with the matter.

Mr. LANDERYOU: The explanatory note refers to the government film distribution and public information service. I understand this is already provided.

Mr. EULER: What is the question?

Mr. LANDERYOU: The note says:

> Its main concern will be the organization of a central government film distribution and public information service.

As I understand it, we already have the public information service, and this will effect no improvement.

Mr. EULER: It will just have the effect of intensifying the work now being done. I see my hon. friend the former minister has left the chamber, and what I am about to say is not said with the intention of criticizing, but I believe I could point out that in the past the work of distribution and production has been more or less haphazard. It is our desire to unify it and make it better than it was before.

Section agreed to.

On section 3—National Film Board.

Mr. HOMUTH: Is there any theory of cooperation between the national board and the various boards in the provinces?

Mr. EULER: There are not any provincial boards.

Mr. HOMUTH: Did not some of the provinces have their own motion picture bureaux?

Mr. EULER: Not now.

Mr. HOMUTH: None of them?

Mr. EULER: None at all. Ontario did have one, but it has been discontinued.

Section agreed to.

Sections 4 to 7 inclusive agreed to.

On section 8—Government film commissioner.

Mr. MANION: Is there any intention of broadening out the duties of the government film commission in such a way as to effect or to have any influence upon anything connected with outside work, or films outside the government; or is this entirely for the purpose of broadening out the work presently done by the government?

Mr. EULER: Entirely government work.

Mr. BAKER: If this added expense is to be incurred, will the outside purchasing of films, which apparently has been going on, be discontinued?

Mr. EULER: It all depends. If some department can convince the film board that its work could be better done by some outside organization it will be done, but it must first get the consent of the board.

Mr. HOMUTH: In connection with the visit of their majesties to Canada there will, of course, be moving pictures taken for the archives and as a matter of record. Would this department handle that?

Mr. EULER: All arrangements in connection with the royal visit are being handled by a government committee. I have no doubt the bureau will do some of the work; at least I hope so. Whether it will be confined to the bureau, I cannot say.

Section agreed to.

On section 9—Duties of commissioner.

Mr. GREEN: Would the minister be willing to add as the first clause of paragraph 9 something like the following:

advise upon the making and distribution of national films designed to help Canadians in all parts of Canada to understand the ways of living and the problems of Canadians in other parts.

The minister used the words earlier this evening, but as I read the bill there is no mention in it of national films. Yet the vision of what national films can mean seems to me the most important feature about this bill. I agree with the minister that national films could mean a great deal in building up the Canadian nation.

Mr. EULER: I think my hon. friend will find in the bill the term "national films."

Mr. STIRLING: It is in paragraph (a).

Mr. EULER: Yes, "coordinate national and departmental film activities." I assure my hon. friend it is the intention of the government that national films shall be initiated.

Mr. GREEN: For the sake of the people who are administering this act in the future, it would be well to set that out clearly in this section. After all, the important idea behind this bill is that there should be national films developed, and I think that should be stressed more than it is in the bill as drawn.

Mr. EULER: If my hon. friend thinks that the phrase "coordinate national film activities" is not sufficient, we might say "coordinate and originate" or "coordinate and develop national film activities."

Mr. GREEN: I think that feature is worthy of a separate clause. I have one here that I shall send over to the minister.

Mr. HAYHURST: Does the government at present do all its own film work?

[Mr. Euler.]

Mr. EULER: No; that is one of the reasons for this bill; some of the departments are having their film work done outside, and some may continue to do so; but it is hoped that, having a bureau that is as good as the best, the various departments will have their work done by this bureau; in fact they must, unless the board agrees to its being done otherwise.

Mr. ROSS (St. Paul's): The other night when we were discussing this matter I asked the minister if it was the intention of the department to put this film business on a more or less commercial basis. No doubt there will be commercial firms who would like to have these pictures taken and shown in various countries. Could not the government get some revenue out of this bureau?

Mr. EULER: I am afraid I cannot give my hon. friend any greater encouragement than I did the other evening. This is advertising, not a money-making concern. I have not a great deal of hope that when we supply these short films to theatres and other places we can collect much revenue for them. I am told that the British government issues some films out of which it makes a little money, but I should not like to say that we are going to make much out of this. We are running it for the purpose of doing our own advertising. If we can make a little profit it will be that much to the good, but I should not like to give much hope of making money out of the film bureau. We do not hope to make money out of supplying films to schools and institutions of that sort.

Mr. ROSS (St. Paul's): It seems to me there could be a source of revenue. We have our trade commissioners throughout the world looking for trade, and our manufacturers of one kind and another who are looking for business. I think it would be easy to develop a great source of revenue in connection with this bureau. If we start out on the basis that we are not going to make anything out of it, we certainly shall not. But I think the government should see that we do have one section of it that will handle this film business from the point of view of advertising Canadian products, and I think the various manufacturers in this country would be quite willing to pay for that service. At the present time they pay for the service they get from the national research council. As we all know, that council has developed into a profitable institution; at least it pays its way, and there is no reason why this bureau should not be put on the same basis.

Mr. MACKENZIE (Vancouver): I move the amendment suggested by the hon. member for Vancouver South (Mr. Green):

That section 9 be amended by inserting the following as subsection (a):
advise upon the making and distribution of national films designed to help Canadians in all parts of Canada to understand the ways of living and the problems of Canadians in other parts.

And then the other subsections will be re-lettered.

Amendment agreed to.

Mr. MANION: In regard to expenditures by the various departments, might I ask the minister if there is any provision in this bill that would compel the other departments to have their films produced by this branch?

Mr. EULER: Section 11 deals with that.

Section agreed to.

On section 10—Departments to refer matters to commissioner.

Mr. STIRLING: Does not subsection 2 presuppose that the departments are going to endeavour to invest in apparatus themselves; and is that not contrary to the explanation the minister gave, that it was the hope of the government that the work of the departments could be concentrated in this bureau?

Mr. EULER: According to a note I have here, it is estimated that the value of camera, projection and film servicing equipment at present in possession of all departments—that is, other than the motion picture bureau—is about $25,000, which has been purchased piecemeal from different sources. This equipment is not standardized to any extent, and in some instances is not the most suitable equipment for the purpose for which it was purchased. It is not intended, of course, that any department is to take the place of the bureau, but it may be that small purchases will have to be made, and that will be done under the supervision of the director.

Mr. STIRLING: So the various departments still will be permitted to maintain their own apparatus and make their own films?

Mr. EULER: They cannot do it without the consent of the director.

Mr. BARBER: Who purchases the equipment provided for in subsection 3?

Mr. EULER: The body which has an appropriation for the purpose, but it must be all under the supervision of the director.

Mr. BARBER: Any department?

Mr. EULER: Yes.

Mr. MASSEY: If the purchase of apparatus is to be made only with the consent of the board, I do not see anything in the bill which would similarly prevent any department from making its own pictures with such apparatus as it has now. It is not incumbent upon the department to turn over its apparatus to the motion picture bureau, so it can continue its own little parasitical bureau.

Mr. EULER: Yes, but it cannot produce any films. Section 11 provides that all processing and production of films must be undertaken by the bureau, except where the commissioner agrees that the work can be done through officers of other departments. They cannot make their own films without the consent of the commissioner.

Mr. MASSEY: But on the other hand the departments now have a certain amount of apparatus of their own, and the temptation will be for the departments to continue the work they are now doing. They may be able to prevail upon the commissioner to give them permission to do so. Why not have the departments turn over all apparatus to the bureau?

Mr. EULER: That is probably what will happen. The possibility of any department going on with the production of its own films is rather remote, in view of the bill now being considered. They cannot do very much in the production of real films in any event. In the past they have either used the equipment of the bureau or had the work done by an outside firm. They can no longer do that without the consent of the board and the commissioner.

Section agreed to.

Section 11 agreed to.

On section 12—Employment of temporary staff.

Mr. MacNEIL: Is there any good reason why we should not allow these appointments to be made under the civil service commission?

Mr. EULER: For the simple reason that in many instances, perhaps when certain films are being made, a great deal of temporary help will be required, perhaps specially qualified help. It would take too long to have these appointments made by the civil service commission; and I think perhaps it is no insult to the commission to say that possibly the officer of the board would be much better qualified to select these technical temporary employees than would the civil service commission. In point of the time

required, particularly, it would be quite out of place to utilize the services of the civil service commission.

Mr. MacNEIL: Then what procedure will be followed in engaging temporary personnel?

Mr. EULER: The director of the bureau may employ temporary help.

Mr. MacNEIL: Would it not be possible, in anticipation of a demand of that kind, to have an eligible list established by the civil service commission from which the director could draw from time to time? We pass act after act in this house containing the expression "notwithstanding anything in the Civil Service Act," and at the same time the government has declared itself as being in favour of the merit system.

Mr. EULER: What my hon. friend says is true in a general way. But supposing the bureau has to produce a particularly important film, or a film of such a character that it became necessary to bring somebody even from Hollywood; I do not think anyone would expect the director to go to the civil service commission to obtain a person of that sort. This has to do with men of technical qualifications, engaged for very short periods.

Section agreed to.

Section 13 agreed to.

On section 14—Central government film distribution service.

Mr. MASSEY: Would the minister explain to the committee what government film distribution service there is at the present time? Is this in addition, or is there any change?

Mr. EULER: It is really just an expansion of the present service. The bureau is distributing films now, and it is perhaps to make it just a little more official. Assistance will be given by this departmental committee which is to be set up, and this is more or less to give it official standing.

Mr. MASSEY: To incorporate it in the act?

Mr. EULER: Yes.

Section agreed to.

Section 15 agreed to.

Bill reported.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. CRERAR: To-morrow we shall take up the second reading of Bill No. 38, to establish a defence purchasing board, standing in the name of the Minister of National Defence (Mr. Mackenzie); and also, in committee of ways and means, the trade agreement, as well as any other bill standing on the order paper if we dispose of those items.

Mr. MANION: About ten days ago, I think, or perhaps a littler longer, I mentioned in the house that one of our members was going to move an amendment on going into supply. There has been no motion for some time to go into supply and, if possible, we should like to have that motion to-morrow. If we cannot have it to-morrow, possibly it could be done on Wednesday, but there is no motion for committee of supply on Thursday and Friday. In justice to hon. members I think the government should move to go into supply on such days as Monday or Tuesday, because that is the one opportunity when hon. members may deal with important subjects not on the order paper. If possible, I should like the minister to consider this matter. So far as I am concerned, he can advise me in the morning whether the government considers it possible to move to go into supply to-morrow in order to give an opportunity to one of our members to move an amendment, notice of which I gave from my place in the house I think ten or twelve days ago.

Mr. CRERAR: I shall bring that suggestion to the attention of the Prime Minister (Mr. Mackenzie King). I think the purpose is to move along with the bills under consideration in order to get them finished so that they may be sent across to the other house. In any event, I assume we would be moving to go into supply not later than Monday of next week. While the urgency of the matter suggested by the leader of the opposition (Mr. Manion) may be considerable, it probably could stand until the beginning of next week. However, I shall bring this to the attention of the Prime Minister in the morning and ask his office to advise the leader of the opposition.

At 11.05 p.m. the house adjourned, without question put, pursuant to standing order.

Tuesday, March 14, 1939

The house met at three o'clock.

REPORTS OF COMMITTEES

PUBLIC ACCOUNTS—MOTION FOR CONCURRENCE IN FIRST REPORT

Mr. W. A. FRASER (Northumberland, Ont.) presented the first report of the standing committee on public accounts, and moved that the report be concurred in.

Hon. H. A. STEWART (Leeds): Mr. Speaker, in the ordinary course I presume that without unanimous consent the motion to debate this report cannot be proceeded with to-day.

Mr. SPEAKER: The point is well taken. The motion stands as a notice for to-morrow. Forty-eight hours' notice of motion is required.

Motion stands.

RADIO BROADCASTING—MOTION FOR CONCURRENCE IN SECOND REPORT

Mr. A. L. BEAUBIEN (Provencher) presented the second report of the special committee on radio broadcasting, and moved that the report be concurred in.

Hon. H. H. STEVENS (Kootenay East): I was not in the committee during the last few moments when, apparently, this report was agreed upon, but I am opposed to the suggestion that this committee should now sit while the house is in session. I do not think there is any need for it. I think it is unwise, unless in cases of absolute urgency, that committees should sit while the house is in session. Had I been in the committee I should have voiced my objection there, but I left just before the committee rose, and I assume that the report was agreed upon afterwards.

Mr. BEAUBIEN: May I say to my hon. friend that it is not the intention of the committee to abuse the privilege. It is merely that members of the committee thought it would be advisable to have it, and they could then decide whether or not they wished to exercise it.

Motion agreed to.

DOMINION ELECTIONS

SPECIAL COMMITTEE ON ELECTIONS AND ELECTORAL DISTRICTS—CHANGE IN PERSONNEL

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

That the name of Mr. Deslauriers be substituted for that of Mr. Dussault on the special committee appointed to study and report on matters pertaining to elections and electoral districts of Canada.

That the name of Mr. McNevin (Victoria, Ont.) be substituted for that of Mr. Wood on the special committee appointed to study and report on matters pertaining to elections and electoral districts of Canada.

Motion agreed to.

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BUSINESS OF THE HOUSE

QUESTION OF PRIORITY OF CERTAIN GOVERNMENT MEASURES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): My attention has been drawn to the remarks of my hon. friend the leader of the opposition (Mr. Manion) at the close of yesterday's session, in which he suggested that the government should bring on to-day a motion to go into committee of supply, rather than proceed with the bill with respect to the defence purchasing board. My hon. friend further mentioned that he thought the government ought to bring in a motion to go into supply on Mondays and Tuesdays, and he made some other suggestions.

May I say to my hon. friend that he will doubtless recall the little discussion we had in this house a month ago, and again a week ago, with reference to the business of the house and the government getting along with the public business. At that time my hon. friend felt that supply was not a very important matter, that it was brought before the house when nothing else was available, and he alleged that we had not brought in measures of public importance and sought to chastise us on that account.

Mr. MANION: It was merely a return chastisement.

Mr. MACKENZIE KING: No. There was a good deal said in the preliminary part of my hon. friend's remarks. Perhaps the house would be interested in hearing them as they bear upon his request of last night. They will be found in *Hansard*, page 1617:

Here is a list of matters called public business dealt with so far this session; let us see how important they are. There was of course the speech from the throne. Then, supply. Supply comes in as a sort of filler-in; it is one of the measures brought in when we have not anything else to proceed with. When the government runs out of its regular business it brings on supply. While the estimates are in a sense public business, they are not important enough or urgent enough to have everything else sidetracked in order that they may be dealt with.

Now, I wonder what my hon. friend would say to me if, after having had this advice, I were instead of going on with other important legislation, to proceed with supply.

Mr. MANION: The government has been proceeding with it on Thursdays and Fridays.

Mr. MACKENZIE KING: No, I do not think we have. I believe that, if my hon. friend looks over the records, he will see that unfortunately we have taken up very little supply on either Thursdays or Fridays. We

have been trying to get on with the other measures which, as my hon. friend the Minister of Mines and Resources (Mr. Crerar) mentioned last evening, we were anxious to get over to the other house as soon as possible. In the latter part of his remarks my hon. friend made special mention of the two measures which we spoke of proceeding with to-day and which were announced last night by the Minister of Mines and Resources as the ones intended for to-day. I quote from page 1624 of *Hansard*:

> Mr. Manion: We have been dealing with the trade treaty, but the right hon. gentleman has been shelving it for other measures. We have been led to understand since the house opened that they were about to bring in a measure for a defence purchasing board. Why have they not brought it on?

We are now trying to proceed as rapidly as we can with the trade agreement. We are also trying to proceed as rapidly as we can with the defence purchasing board bill. Those are the two measures which, we feel, ought to be given priority over all others, and they are the two which the leader of the opposition suggested should come on, because of their importance, before other measures. I should like to oblige my hon. friend in every way I can, but I would say this. From the beginning of the session the government has tried to get on with the public business, with the measures which we regarded as the most important. A great deal of time was taken up in the debate on the address and on other resolutions which were moved, but these two measures I have just mentioned are ones which we could not proceed with on that account and are anxious therefore now to proceed with as rapidly as possible. I think that if we are to have due regard to public business and the rapidity with which it is to be carried on, we should continue with those measures.

May I point out to hon. members, what I believe is well known to them but which perhaps requires emphasis at the moment, that a motion to go into committee of supply means, as my hon. friend has indicated, that in all probability the opposition will then introduce an amendment in the nature of a want of confidence motion, which may occasion debate and which may run on in this house for a week or longer. If that is what the government is to expect, there is all the more reason why, before legislation which we regard as important is again held up because of other matters which the opposition wish to discuss, we should get on with the measures to which the government attaches particular importance. I hope that we shall make sufficient progress this week with the legislation which is on the order paper in the nature of resolutions and bills which we wish to get across to the other house, to enable us to call for supply at a comparatively early date; but I say to my hon. friend that if we are to get on with the important measures we must take first those which for the present we regard as the most important, and take up somewhat later the matters which we think can be better dealt with at a later stage.

I should perhaps also remind the house of what the hon. member for Kootenay East (Mr. Stevens) said to us, speaking on Wednesday, February 14, with regard to the government controlling the business of the house. His remarks will be found at page 918 of *Hansard*:

> Control of the house is always in the hands of the government, and from my recollection that was never more so than it is to-day, having regard to the government's huge majority.

Mr. STEVENS: Well, let us get on with the business.

Mr. MACKENZIE KING: That is what I want to do, and that is why I am explaining to the house why the government thinks it would be preferable to take up legislation which is on the order paper in the nature of bills and resolutions before we move to go into committee of supply, because once we move to go into committee of supply we know that a debate may be provoked in this house which may occupy an indefinite number of days.

Hon. R. J. MANION (Leader of the Opposition): I wish to say just a word with regard to the remarks of the right hon. gentleman. The reason I mentioned this matter last night was that it has been the custom of all governments once in a while to move to go into supply on Mondays and Tuesdays, to give to any private member the right to take up some subject in connection with which he thinks redress is required. There was no intention, may I say, on the part of our party of taking up more than perhaps part of a day in discussing the question. However, so far as I am concerned the right hon. gentleman can bring it on when he wishes. I am not going to worry about that any further. I merely suggested it because it looked to me, and it does yet, as though the government were dodging the question of moving into supply. I am not going to argue any more about it. The government can do as it wishes.

The Prime Minister (Mr. Mackenzie King) has a very clever habit of picking out some little slip of the tongue and harping on it, referring to it over and over again. That

is what he did when he picked out the remark I made about supply. I simply meant this, and we all know it to be true, that when this government or any other government run out of business, they swing over to the estimates of some department. There is no particular hurry about them. They are not particularly helpful to anything; they are merely fillers-in. That is what I meant, and I stick to it. When governments have no other legislation ready, they move over into estimates, perhaps public works or agriculture—agriculture by preference on Friday, for example. We know that that is so, and that is all I referred to. The Prime Minister keeps on harping on the fact that I said "supply." Everyone knows that the government has to get supply, but what I meant was that governments constantly move into estimates when they have nothing else to move into.

With regard to the defence purchasing board, I quite agree we should get on with that. I certainly had no desire to delay the government's business at this time, and as regards the attitude which the right hon. gentleman has taken to-day, I repeat what I have said on a number of occasions. We have done nothing on this side of the house to hold up the business of the government. The questions that have been debated have been of the utmost interest. Certainly none will assert that important questions were not brought up in the debate on the address, and I submit that the Bren gun question was of the utmost importance, so much so that a good many of the details in connection with the defence purchasing board are, I contend, the result of the Bren gun investigation. Again, the trade treaty is public business; no one will deny that. I say, therefore, that we have not been holding up public business in any manner. However, whatever the right hon. gentleman desires will suit me.

As regards a vote of want of confidence, that was not our desire. One of our members did wish to bring up a certain question because he is of the opinion, and I agree with him, that it is of the utmost importance. With a view to expediting public business, I would suggest that instead of a want of confidence motion, after we have disposed of the defence purchasing board, the Minister of Labour (Mr. Rogers) might bring on his resolutions with respect to youth training and unemployment, and on that motion the remarks which the hon. member on this side wishes to submit to the house might then be made. That would suit us and it would not delay matters, because the subject is one that will be discussed in any event. After we have got through discussing the defence purchasing board, the Minister of Labour, I suggest, might take up the resolutions with respect to youth training and unemployment and the other question could then be discussed. I am not asking for favours; I wish to have that distinctly understood. I neither ask for them nor am I particularly anxious to give them. My right hon. friend can do just as he likes.

Mr. MACKENZIE KING: In order to keep the record straight, I might point out that no mention was made last night of the resolutions of the Minister of Labour (Mr. Rogers), but since my hon. friend has suggested that they might be taken up at an early day, I will say now that we shall take them up to-morrow the first thing.

Mr. MANION: Suppose we are not through with the discussion of the defence purchasing board? My right hon. friend was so anxious to have it disposed of that I should like to see it done.

Mr. MACKENZIE KING: I was going to say—my hon. friend rather threw me off the track by saying we might go on to-day after concluding with the defence purchasing board bill—that we would go on with the resolutions if we got through with the defence purchasing board. He led me to assume the other measure would be through to-day.

Mr. MANION: Sometimes I should like to throw the right hon. gentleman off the track.

PACIFIC OCEAN DEFENCE

INQUIRY AS TO CANADA'S PARTICIPATION IN CONFERENCE TO BE HELD IN NEW ZEALAND

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): May I direct a question to the Prime Minister? A dispatch from London, dated March 12, and published in the Ottawa newspapers yesterday, contains an announcement by the Dominions Office that there is to be a conference on Pacific ocean defence questions, to be held at Wellington, New Zealand, at which there will be representatives from the United Kingdom, Australia and New Zealand. In view of the fact that Canada has serious defence problems on the Pacific ocean, will it be possible for Canadian representatives to be sent to this conference?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The government of Canada has not received any communications from any governments with respect to this particular conference. I think the reason is clear. The conference to which my hon. friend has

made reference is one which is being held with respect to matters affecting the southern Pacific, and evidently the governments immediately concerned have not thought it advisable to invite the Canadian government to send any representatives. Until we are invited it would be as wise for us not to accept.

ROYAL VISIT

QUESTION OF PROROGATION OR ADJOURNMENT OF SESSION—FUNCTIONS TO BE ATTENDED BY MEMBERS OF PARLIAMENT

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): I wish to direct a question to the Prime Minister (Mr. Mackenzie King). Inasmuch as requests are coming in for certain members of parliament to be in their home cities at the time of their majesties' visit, will the Prime Minister tell us where he expects members to be during that time?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I do not know that I can answer my hon. friend's question exactly in the form in which he has put it, but as I understand the essence of it he wishes to know whether parliament will have prorogued or will be adjourning over the period of their majesties' visit to Canada, or whether we shall continue to sit here while their majesties are in this country.

Mr. BLACKMORE: And whether there will be in Ottawa any functions which members will be expected to attend.

Mr. MACKENZIE KING: I believe I made it clear at the beginning of the session that the government is most anxious that the fact that their majesties are coming to Canada shall not in any way interfere with the business of this house—that the visit shall not be permitted in any way to be used as a means of influencing hon. members with respect to the length of time parliament is to sit. I therefore indicated at the time that if parliament was not ready to prorogue when their majesties came to Canada, we would adjourn over the period of their majesties' stay in the dominion. Since then, there has come to me from different sources, from members in different parts of the house, an intimation that, if we are not through at that time, hon. members probably would prefer to continue sitting during the time of their majesties' stay in the country, with a very short adjournment for the period of time in which their majesties will be in this city. There seems to be a considerable body of opinion in favour of that—

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: —even from the intimations that have come while I have been speaking. I do not think that any decision should be reached on this point until we see how we get along with the business between now and the time when their majesties are expected to arrive. By Easter we may have a general idea of the amount of business that remains, we shall see by then what progress has been made. I would say at once, however, that when it comes to making a decision on the point, an effort will be made, with respect to whatever conclusion we arrive at, to have it in accordance with what appears to be the consensus of view of hon. members.

As regards the period of their majesties' visit to Ottawa, every effort will be made to have matters so arranged that hon. members of both houses of parliament will be able to attend all functions that may arise in connection with that visit, with regard, of course, to what may be customary with respect to a state dinner at government house. But I may say at once that the government intend to have a parliamentary dinner when their majesties are here, which will be confined to members of both houses of parliament, so that there will be opportunity for all hon. members to be presented to their majesties, accompanied, if they are fortunate enough to have them, either by their respective wives or by an unmarried daughter.

With regard to other functions, the unveiling of the national war memorial, the laying of the cornerstone of the supreme court building, the trooping of the colour on parliament hill, all these functions will be so arranged as to make special provision for the probable attendance of members of the House of Commons and the Senate.

Perhaps this would be a good occasion on which to intimate to the house what his majesty has graciously signified his willingness to do in the event of parliament having concluded its business at the time of his arrival in Canada. Should parliament have concluded its business and be prepared to prorogue, his majesty has graciously signified his willingness to prorogue parliament himself. Lest this consent on his majesty's part might be construed as an indirect way of exerting pressure on hon. members to hasten the conclusion of the session, I have asked His Majesty the King through His Excellency the Governor General whether in the event of our not having concluded our business by that time we might not have the great privilege of having his majesty assent to one or two bills which might be held for that purpose, so that hon. members could participate in a function in which the king along with members of both

houses of parliament would be taking part in these buildings. I am pleased to announce that his majesty has graciously signified his willingness to give the royal assent to any bills which may be held for that purpose, so as to ensure that there will be at least one function within the walls of these houses of parliament at which the king and members of both houses of parliament will be present.

NATIONAL DEFENCE

CREATION OF DEFENCE PURCHASING BOARD TO ENTER INTO CONTRACTS FOR MUNITIONS, EQUIPMENT, MATERIALS AND SUPPLIES

Hon. IAN MACKENZIE (Minister of National Defence) moved the second reading of Bill No. 38, to establish a defence purchasing board.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I have just listened to the statement of my right hon. leader (Mr. Mackenzie King), that his majesty may during his visit in Ottawa give his assent to a few bills passed by parliament. Of course such bills should be good legislation. I wonder if this bill is good legislation?

The other day I adjured my hon. friend the Minister of National Defence (Mr. Mackenzie) not to proceed with the resolution upon which this bill is based. Now of course we have to study the bill. There are two things to consider about this piece of legislation. In the first place it is the work of the interdepartmental committee which was headed by Doctor Skelton of the Department of External Affairs. So much for the past. What is to happen in the future? This is a transfer of power from the Department of National Defence to the Department of Finance. What was said last Friday on the resolution preceding the bill has been questioned by the press. A paper which I mentioned yesterday said that my attack upon a public official who is in no position to answer back illustrates the quality of Mr. Pouliot's sportsmanship and of his courage. I want every hon. member of the house to read the evidence as contained in the official files kept in the office of the clerk of sessional papers of this house, referred to in *Hansard* of February 13. It is the evidence given by the judge advocate general before the Bren gun commission. It was only on that day, at the thirty-second sitting of the commission, that Judge Davis realized what was the trouble in the whole Bren gun business. Every hon. member who takes the trouble to read that evidence will want then to read the complete evidence which is downstairs, assimilate it and be guided by it. Hon. members will understand that there is in the Department of National Defence as judge advocate general a man who is not competent. He is not here, of course; if he were here he could not act as judge advocate general.

There is nothing I find so silly as to say that here we attack a civil servant, and that we attack a civil servant who is not here. If any one of us talks with his wife about the roast beef which has been burnt by the cook, it is not necessary for the cook to be present at the conversation. If you say that your boots have not been well shined by your servant, it is not necessary for the bootblack to be present at the conversation. If you say to your wife or your friend that your butler has stolen your whisky, it is not necessary for the butler to be there to hear of it; and they are not supposed to listen through keyholes. We are here to decide upon our own business, the business of governing—not to attack or to criticize anyone, but to pass judgment upon what is wrong and praise what we think is right. There is no lack of courage in saying that. There is courage in not being afraid of blackmail of that sort. What has been written by that paper is just pure blackmail, trying to frighten members of parliament. Moreover they were bold enough to make suggestions to the Prime Minister and other members of this house to stop free discussion in this house. Will there ever be a padlock law applied to this house? That very paper protested against the Quebec padlock law, but now they want every hon. member of parliament to be tongue-cuffed. That as to courage.

I want to say something about the progressive and nefarious influence of some high-posted civil servants, who probably do not mean badly but who are intriguers of the worst kind and who try to serve their own interests or the interests of those who are close to them rather than the interests of the state.

In the first place we will see to what extent some friends will act together. Some years ago, in 1924, there were two professors of the faculty of arts of Queen's university, in the political and economic science branch. They were in active service. One was Doctor Skelton and the other Doctor W. C. Clark. The former is now under secretary of state for external affairs; the latter is now deputy minister of finance. I have in my hand a most interesting book, the Canadian *Parliamentary Guide* for 1939, which contains some autobiographies. In one of these, it is interesting to note, there is a gap covering seven

or eight years; that is, the autobiography of Doctor Clark. If you will look at page 672, sir, you will see—

Mr. SPEAKER: Order. I do not think the hon. member is quite in order. The motion before the house is for the second reading of Bill No. 38, concerning the establishment of a defence purchasing board. I think the discussion should be confined to the advisability of establishing such a board.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Apart from that, Mr. Speaker, I am sure my hon. friend will agree that I am the last person in this house who would wish to curtail in any way his freedom of discussion; but I do feel that, as leader of the House of Commons, it is part of my duty to see that members of the public service, who are not in a position to speak for themselves during the course of debates which take place in this house, should be protected against any remarks in the nature of a reflection upon themselves, or references to their personal history such as the hon. member I gather was about to make. It must be obvious that members of the public service have to look to the administration for protection in the discharge of their duties; and if deputy ministers or leading public officials or any members of the public service are to be attacked here, in justice to them they should have the right to make reply on their own behalf from wherever they may happen to be. If that method were to be adopted with regard to the conduct of our public affairs I am afraid the public service of the country could not be carried on in the manner in which the country has a right to expect it will be carried on.

I hope my hon. friend will see that in discussing the matters he is dealing with at the present time, it is not necessary for him to bring in personal matters which really have no bearing on the question before the house.

Mr. POULIOT: I will not insist further on that point, Mr. Speaker, but in due course I will obtain that information by means of questions placed on the order paper, and I shall be satisfied if I receive complete answers to those questions.

What I want my chief to understand, however, is that I have no personal grievance against Doctor Skelton, Doctor Clark or any other man in the service. What I am very much concerned about is the fact that daily the high officials of the civil service are acquiring greater importance at the expense of the government. This is a matter of great concern to me, because these men are responsible to no one. Many times when a minister wants to get some information from these officials—and I am not referring to these two in particular—they think they are superior individuals. They feel that members of the House of Commons count for nothing, though we are here, working daily, meeting people in all walks of life and trying to do our best for them. We need the civil service to help us in our work. That is my humble contention, and I am sure my chief agrees with me.

Mr. MACKENZIE KING: In order to make my position quite clear may I say that my hon. friend would be quite justified in attacking me or in attacking the Minister of Finance (Mr. Dunning) with respect to any official within our departments who may not be performing his duties as he should. But we are the persons to be attacked; we are the responsible ministers, and the same would apply to the ministers of the other departments. My hon. friend is quite within his rights in bringing to the attention of the house anything at all in connection with the attitude of individual public servants; and, speaking for myself, if officials of any department with which I have to do are assuming attitudes which they should not assume towards members of the House of Commons or the Senate, I will be the first to speak to them about it. But I would say, knowing him as I do, that Doctor Skelton is the last man in the world who would seek for a moment to be other than wholly deferential to all hon. members of the house, and I believe the same is equally true of Doctor Clark.

Mr. POULIOT: I agree to a certain extent with what my right hon. leader has said. I should like him to understand that I have no vengeance to satisfy. I am much above that. What I endeavour to do, at times, is simply to enlighten the government as to what is going on, for their own good. Of course according to parliamentary practice a minister is responsible for everything that is done by those under his control; but with the new system of things—and this defence board is part of that system—I feel that the ministers will have less and less authority over the civil service.

My understanding of government is the understanding which was held by my great grandfather and my grandfather, who were also privates in the great Liberal army. It is that a member of parliament is entitled to all information concerning the expenditure of public money and that the minister who is in charge of a department is responsible for everything that is done by his department.

What I regret, sir, is that to-day there is a strong tendency to lean upon the shoulders of somebody else; it is still the old story, "My little brother broke the glass." No one is responsible for anything. When any member of parliament writes to a department for information he is almost always told that he has come to the wrong door. In fact, for your information, Mr. Speaker, as well as that of my right hon. leader and all other hon. members of the house, I would say that out of the sixty letters I have to write daily for my constituents at least half if not two-thirds are due either to the silliness, the stubborness or the great importance of some officials of the civil service. So, instead of having the leisure to read some public papers which I must read I have to waste my time dictating useless letters because those to whom I have written did not give satisfactory answers in connection with very ordinary routine matters.

It is not my pleasure to rise to-day and to address the house on this bill. I do not do it for pleasure. I do not do it as a matter of entertainment; in fact I realize that my speech is very dull. I do it from a sense of duty and, in the best possible spirit and as a good Liberal, I give warning to the government. I want the principle of ministerial responsibility reestablished as it was at the time of Sir Wilfrid Laurier, as it was at the time of Blake, Baldwin, Lafontaine, Cartier and all the others. Those people may have made mistakes, but they were true imitators of the British parliamentary system.

Of course, I cannot understand a department which is not complete, like the human body. The Department of National Defence is one which requires quick action. At its head there is a minister. Then there is one deputy minister, and other branches of the department operate under each of the head officials. If this bill is adopted the Department of National Defence will be like a body deprived of its arms. It will have no ammunition, unless there is agreement by the Department of Finance. Who are the experts in armoury and gun making in the Department of Finance?

Mr. DUNNING: None.

Mr. POULIOT: Well now, that is a direct and timely answer. The experts in gunnery and armoury shall be left with the Department of National Defence. By exception we have two experts in the House of Commons—only two. There is the hon. member for St. John-Albert (Mr. McAvity) who was on the imperial munitions board, and the hon. member for Huron, who made munitions during the war. In addition to that, none of us knows anything about the making of munitions. The Minister of Finance has just said there is no one in his department who is expert in such matters. Well now, what will happen when there is an order or a requisition for a certain quantity of munitions, in a contract exceeding $5,000? The Minister of National Defence will have no authority to decide upon it. He may receive requisitions from Great Britain or from some other country, and those requisitions will be sent to the Department of Finance.

Then, we will have a board composed of four people—and this is in accordance with the report of Mr. Justice Davis. Who will those four men be? One will be a capable and experienced corporation lawyer, a commerical lawyer who has had wide practice in dealing with large commercial contracts. You know, sir, that most of the trouble experienced by this country in regard to watered stock has been due to corporation lawyers. As a rule, corporation lawyers are a failure at politics, and no one has experienced that more than the present leader of the opposition (Mr. Manion), who is a distinguished medical doctor. There is no need for any corporation lawyer on that board. In fact, if somebody requires information about the solvency of a company which has sent a tender on a piece of ammunition he has only to subscribe to Dun's. It will cost $25 per annum, and he will receive all possible information concerning solvency of any company. If the Minister of Finance wishes to be more economical, he may ask the Bank of Canada to supply information concerning the solvency of any company which sends in a tender. Therefore there is no need for a commercial lawyer who has had a wide practice in dealing with large commercial contracts. And here is the point: It is just because the one who is now judge advocate general has had no experience at all in commercial contracts that one is required on the board.

Then the second suggestion is that there shall be a representative of labour. That is a farce, because the Department of Finance has no authority to prescribe hours of labour. You know, sir, the fate of the social legislation enacted by the House of Commons, but which was declared ultra vires by the privy council. There is no possibility of using the services of any representative of labour in connection with those contracts. We have no authority to do that. Unless the constitution is changed, the government can do nothing, except give a fat job or sinecure to a parasite of some kind.

And now we come to the capable and experienced manufacturer. This is dangerous,

because such capable and experienced manufacturer must have some friends to protect underneath. I find that provision most dangerous.

Then there is mention of a chartered accountant, under the Minister of Finance. This is what I have preached in the house: Instead of having accountants from the Department of Finance the Minister of National Defence should have his own chartered accountants. If we look at the British publication which shows the personnel of the British war office, the British admiralty, the air department and the department for the coordination of defence, we see the number of chartered accountants who are appointed to look after the expenditures of each department. But here all the accountants of all departments are in the Department of Finance. This is another most dangerous step. Officials of the various departments are all intermingled. We have the example of the Minister of Finance being the head of the accountants in all departments. There is not a single accountant in the civil service who is not under the Minister of Finance. With a few exceptions, the legal advisory counsel of various departments are under the Minister of Justice. You have also a lawyer like the chief advocate general of the department of pensions, who is not a lawyer at all, and whose only qualification was to study medicine for one year. Then there are the translators, who are mostly under the Secretary of State, although they are scattered amongst various departments. I am against that, Mr. Speaker. There is no more hierarchy; there is no order in the departments. The minister cannot give definite instructions to any one of these men who are amongst his employees because they are under another minister and to reach them he has to communicate with that other minister, one of his colleagues. I am strongly opposed to that in principle.

There is another thing which also causes me the deepest concern. It is that all that intermingling, if I may call it that, is an arrangement to allow various officials to be entirely free to do just as they please under the authority of no one. The further away the authority is, the lesser in degree, in my humble view. I have studied many files and what I notice—and I wish to bring this to the attention of my right hon. leader and his colleagues—is the easy way in which several high officials try to evade all authority and all responsibility. That may not always be noticed, of course, but it is a very dangerous practice. My right hon. leader knows that if there is communism in Russia to-day it is due entirely to the extravagance of bureaucracy; and in Germany and Italy the members of their bureaucracy were so powerful as to cause the destruction of democracy in those countries. Their influence was not always apparent. They were like termites, which were undermining the pillars of state. To-day there is no more democracy in Russia, there is no more democracy in Italy, there is no more democracy in Germany; and here in Canada we are on the eve of having a dictatorship of bureaucracy. We should see the connection between the editorial staff, the whole staff of the Ottawa *Journal*, and the staff of the civil service commission, to understand what is behind the insults of which I have been the victim. I do not pose as a martyr, because I do not care what is said about me in praise or blame. I try to do my duty. In fact, Mr. Speaker, ever since I have been in politics I have been called so many names as to exhaust the richest vocabulary, and what can be said of me now can be only a repetition. Therefore I am indifferent to abuse. But what I regret is that some people do not see what is behind this. If order is not restored in the civil service we shall run the risk of falling down as other countries have done where bureaucracy was not checked.

Of course, it is always unpleasant to say something of anyone which is not a compliment; it is not a pleasure, but duty must come before sentimentality. Moreover there is the popular side to consider. People are thinking more deeply now than they ever did before, and they are very much concerned about these special privileges that are granted to the very few.

A man cannot be judged by his salary. Here we receive an indemnity of $4,000. Of that, all of us may pay perhaps $1,000 for insurance, give away $1,500 for gifts in our constituencies, and for travelling expenses, and what is left? Very little. There is $1,500 to live on, and we have to run into debt. We are not considered important because we receive a very small indemnity. But if the members of the House of Commons were receiving as much as the two officials whom I mentioned at the beginning of my speech, we should all be great men because our incomes would be much higher. That may seem stupid, but it is the view of many people. In the civil service, however, when a man has reached his maximum salary he is considered a genius, even if he was dumb when he was earning but little at the start.

Mr. SPEAKER: Order. I have already called the hon. member's attention to the fact that he was wandering away from the

question before the house, and I must again remind him that he is not in order in continuing to discuss the affairs of the civil service on this motion.

Mr. POULIOT: Sir, I shall not persist, but the reason I was doing so was that this bill makes mention of a new body to be created in the service, and in my view we have enough civil servants now—more than enough if they were all competent. In conclusion, sir, I say that if the incompetent ones were replaced by competent ones there would be no need for this new board.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I rise to discuss not the civil service but this bill, one of the most important measures which has been placed before this parliament since it assembled in 1936. The bill in my opinion adopts and commits parliament and the country to a most momentous policy. We are asked by this measure to concur in the principle of the private manufacture of arms. To this principle a very large section of the Canadian people are very thoroughly opposed; and before the house is even asked to adopt the principle laid down by the bill, every opportunity should be given for careful consideration of its provisions.

The resolution foreshadowing this bill was placed on the order paper on January 25. The minister discussed the resolution last Friday, March 10, and the bill was distributed in the usual way to the members on Saturday last. From what I have been able to see of this bill, and because many of the members have been otherwise engaged since the bill was distributed, I submit that hon. members have had insufficient time to go into its details.

The group with which I am associated regrets that the government has felt it necessary to abandon the policy of the manufacture of armaments in publicly-owned plants.

Mr. MACKENZIE (Vancouver): That is not correct.

Mr. COLDWELL: I heard the interruption, "That is not correct." Having read carefully the minister's speech and having noted that, for example, the minister placed on the record the minority rather than the majority report of the committee of the United States senate which reported upon the public manufacture of armaments—

Mr. MACKENZIE (Vancouver): Both.

Mr. COLDWELL: No.

Mr. MACKENZIE (Vancouver): Oh, yes. May I interrupt my hon. friend—

Mr. COLDWELL: Well, I have read the minister's speech.

Mr. MACKENZIE (Vancouver): I distinctly said that the majority report was for the extension of government manufacture.

Mr. COLDWELL: I have read the minister's speech, and all I can find is a very brief reference to the fact that he has just stated. However, that is beside the point. Suffice it to say that the bill itself, as I shall endeavour to show in a few minutes, emphasizes the private rather than the public manufacture of arms, and the purchase from private manufacturers.

Mr. MACKENZIE (Vancouver): May I interrupt my hon. friend again? As reported at page 1757 of *Hansard*, I said:

> The majority report was for the extension of the principle of nationalization.

Mr. COLDWELL: As I say, the minister did mention it, but the minister placed on record substantially the minority report, favouring private manufacture, making only a brief reference to the much more important report of the majority of that committee.

In my opinion the bill as presented to this house does not give adequate control of profits incidental to the private manufacture of arms. It deals only, for example, with contractors selected without competitive bids. In support of that statement I direct attention to the explanatory notes which are printed opposite page 2 of the bill, where I read:

> Net profits on contracts awarded by the board—

That is, the board named in this bill.

> —without competitive tender, and subcontracts in connection therewith, are to be limited to five percentum per annum on the average capital employed or to be employed in the performance of the contract. Effect is to be given to this provision by the levy of a tax equal to the amount by which profits exceed the maximum of five per centum per annum on the average capital employed.

And may I again emphasize this:

> Net profits on contracts awarded by the board without competitive tender. . . .

Then, if we turn to section 7, page 6 of the bill, subsection 9, we find these words:

> For the purposes of this section the word "contract" shall include contracts entered into under the authority of this party and subcontracts in connection therewith, but shall not include (a) contracts awarded as a result of competitive tender or subcontracts in connection therewith, and (b) contracts or subcontracts to the extent that such contracts or subcontracts are performed outside of Canada.

Then if we turn back to section 4, subsection 4, on page 3, we find this:

> In respect of all contracts, the board shall, wherever practicable, invite tenders either by means of advertisements in the public press or otherwise.

"Where practicable" tenders shall be invited. In other words, and primarily, the bill contemplates the calling of tenders for the making of arms; and contracts entered into by tender, according to the section I read immediately before this one, are not, so far as the five per centum profits go, under the control of the board. In the minister's speech on Friday last he made the statement that in the past few years this government had awarded by tender some sixty per cent, I think it was, of the contracts, and forty per cent by the other method.

Mr. MACKENZIE (Vancouver): That is where bidding was available.

Mr. COLDWELL: I think I have confirmed the statement I have just made, that if that proportion is maintained—perhaps it will not be, but if it is—some sixty per cent of the contracts so awarded would not come under the provisions of this bill. I notice that the minister nods his head in approval of that statement.

Mr. MACKENZIE (Vancouver): Mr. Speaker, all these would come under some of the provisions of the bill. They would not come under the taxation provisions of the bill.

Mr. COLDWELL: Exactly. They all come under some provisions of the bill; but the point I am just making is this, that we object to the making of profits out of what we regard, rightly or wrongly—we are all entitled to our opinions—as in a measure blood money. We say, and I think the minister agrees, that as far as the limitation of profit is concerned under this bill, the companies to which I have referred do not come under all, but only that part of them which do not secure contracts by competitive tender. We say that the whole of them should be controlled.

The limitation of profits in this bill is also somewhat obscure. If we turn to section 7, subsection 1, at page 4, we find these words:

The maximum net profit—

Mr. SPEAKER: I am sorry to have to interrupt the hon. member, but at the present time the house is not in committee. I would prefer that he confine his remarks to a discussion of the principle of the bill, and defer the discussion of particular sections until the house is in committee of the whole on the second reading. It is the principle of the bill which should now be considered.

Mr. COLDWELL: Mr. Speaker, I always try to abide by the rules of the house and to accept a ruling without question. But at the moment I am engaged in discussing the principle of this bill, and I find it very difficult indeed to discuss the principle without referring to some of the clauses. Of course if your ruling is that I must not do so, I shall abide by your ruling.

Mr. SPEAKER: I would ask the hon. member to confine himself as much as possible to a discussion of the principle of the bill. He might quote some of the clauses of the bill to draw attention to what the bill appears to him to be, but he should not at this time go into a discussion of the bill clause by clause.

Mr. COLDWELL: Thank you, Mr. Speaker; I will endeavour to abide closely by the rules. With your permission I must refer from time to time to some of the phraseology of the bill. If, then, we may just look at section 7, subsection 1 we shall see the principle involved:

> The maximum net profit received by any person in respect of any contract to which this section applies shall be limited to an amount equal to five per centum per annum on the average amount of capital of such person employed in the performance of the contract.

And a little further on we have this:

> . . . shall be based upon the actual cost (less depreciation at a rate deemed reasonable by the board) of the physical assets including plant, machinery, equipment and working capital. . . .

I am anxious to find out when we get into committee just what the term "working capital" involves, because upon its definition, I take it, a great deal will depend in relation to the limitation of profits under this bill. Of course if it includes capital used in the purchase of material and in the employment of labour, the definition would indeed be very wide, and the real profit, therefore, increased substantially. I submit, therefore, that the first part of the bill does not satisfy that large body of public opinion which demands the elimination of private profit in the manufacture of arms, or even the substantial curtailment of private profit in that manufacture.

So far as we in this group are concerned, my hon. friend from Weyburn (Mr. Douglas) and others of the group have moved on occasion the point of view we hold, which is that in the manufacture of munitions and war materials private profit should be eliminated, and for this purpose the industry should be brought under public control. That does not mean that one would expect those engaged in the industry to render services to the nation without recompense, but it does mean that at least the element of private profit

should be eliminated. Therefore, in any bill which is brought before this house dealing with this particular matter, not forty per cent but one hundred per cent of those supplying munitions and arms to the Dominion of Canada should be brought under the control of parliament in relation to profits that are made; if they are allowed at all.

Turning to part II of the bill, we object to the manner in which the bill has been presented. The bill should have been divided into two—there should have been two bills—because it deals with two different things. The first part of the bill quite clearly deals with the purchase of armaments, which in my opinion ought to be considered apart from the financing of capital expenditures under the Department of National Defence. I submit to the minister that we may find ourselves in this position, that while we may agree with one principle of the bill we may be in direct conflict with another principle of it. It is therefore unfortunate that it has been brought down in this particular form. It would have been more satisfactory to the house and particularly to our group had it been brought down in two bills instead of one.

I am not a lawyer and therefore may not understand the import of section 17 of part II of the bill, and until some explanation is given I would hesitate to vote for it. A good many members of the house are uncertain what the clause means. Perhaps it can be explained later before we are asked to vote upon it.

While we welcome the suggestion of a defence purchasing board as a method of meeting a given situation, we should have been better pleased had the government contemplated wider public manufacture of munitions. I realize, of course, as I believe most members do, that the manufacture of all that is required would not be possible, but at this moment a greater measure of control over private manufacture ought to have been instituted in a bill of this sort.

Mr. A. A. HEAPS (Winnipeg North): A few remarks which the Minister of National Defence (Mr. Mackenzie) made in this chamber last week, when he introduced the resolution on this subject, prompt me to rise on this occasion to say a few words on the question of a defence purchasing board.

In the first place I asked the minister what was to become of the interdepartmental committee which has been functioning for so many months. When I put that question to him, as usual with him, he spoke of the magnificent work which the committee had done while it was in existence and said that if I carefully perused the bill when it was introduced I would ascertain what was to become of the committee. I have casually gone through the bill, and if I understand anything of what it proposes it seems to me that in one way the interdepartmental committee goes out of business while in another respect it is resurrected.

I have no objection to what has been done in that respect, but if the interdepartmental committee had done such splendid work while it was functioning I do not see why it should go out of existence. Personally I believe that those who comprised the committee were all men of excellent character and great ability, and I feel that the persons who will be appointed to the new defence purchasing board will in their own way be no better men than those who until now have been functioning in that particular regard. If that is so, I wonder why we have this bill at all. As I say, in one way we are doing away with the interdepartmental committee, and in another way we are resurrecting it. In the measure itself we find that before a contract is finally approved, the Minister of National Defence makes a requisition to the proposed board, then it goes through the Department of Finance, then it is approved by the governor in council. I think that is a cumbersome way of doing government business. I may be alone in that assertion, but I have more confidence in existing departmental officials than to believe that it should be necessary for a contract to go through three departments before being finally approved of. Is there any other contract of more than $5,000 which has to go through the same routine as is proposed here? If there is I should like to know what department deals with contracts in such a manner.

When the minister spoke on Friday last he paid this group indirectly a very fine compliment. He did not intend it, and that is why I say it was indirect. In his lengthy speech he paid more attention to the seven members of this group than he did to the duties which the new defence purchasing board is expected to perform. He spent more time in trying to point out the fallacies of the things we stand for than he did in discussing the purpose of the resolution. If there was one thing which he tried to impress upon the house it was the fact that, unless there were some incentive, people who might make munitions could not be expected to engage in the successful production of armaments.

Mr. HOWARD: Hear, hear.

Mr. HEAPS: There is at least one hon. member who agrees with that. The Minister of National Defence is a very able lawyer.

If I wanted a lawyer to defend me I would go a long way in an effort to secure the services of the hon. gentleman, because after hearing his fervid oratory—when he is in his ordinary mood and is not over-excited—I believe there is hardly a jury whom he could not convince. Consequently I would go to considerable lengths to secure the services of so able a lawyer.

Mr. DUNNING: It is better not to need one.

Mr. HEAPS: I am sure if he were practising law in his own city he would build up a practice which would yield him many times the $4,000 a year which as a private member he would receive in Ottawa. I wonder what it was that moved the Minister of National Defence to come to this chamber at $4,000 a year, less the expenses he has to meet, when he could have earned so much more in his own city.

Mr. FINN: Love of country.

Mr. HEAPS: I wonder if the minister would tell us what it was.

Mr. MACKENZIE (Vancouver): Faith, I suppose.

Mr. HEAPS: Well, to a certain extent his faith has been rewarded. But I am still wondering what it was that prompted the minister to come and sit in this parliament.

Mr. MACKENZIE (Vancouver): I think it is true that every hon. member of this house is here because he wished to serve the public interest.

Mr. HEAPS: I am glad to have that statement from the minister. He prefers serving the public interest to seeking monetary reward. That is what I am getting at. If the minister and other hon. members of this house can serve the people of this country without the urge of monetary reward, why cannot the manufacturer of munitions be on the same basis? That is all I am asking. The minister says it requires the incentive of monetary gain; I believe that munitions can be produced without the incentive of monetary reward, just as so many hon. members of this house are prepared to give their services in the interest of Canada.

Further I believe that once you open the door to profit-making in the manufacture of munitions, the profit cannot be limited to five per cent, no matter how many audits are made of the books. I think it has been proved over and over again that these limitations do not limit. I would far rather see the government itself go into the production of munitions as far as practicable. I am satisfied the government could do it on an efficient basis, just as the Ontario government runs its hydro, the city of Toronto its street railway system, or the city of Winnipeg its hydro. There is in this country to-day wherever you go a growing feeling of hostility to the making of profits out of armaments and munitions. When men are asked to serve in the military forces for $1.10 a day it is not a question of profit as far as they are concerned; it is a question of duty to their country. In the same way we should expect men to serve their country in time of need by producing munitions without profit.

I notice that the bill provides for the appointment of one paid officer, the chairman, and three others who will be given their out of pocket expenses and a per diem allowance. I am wondering what incentive there is to those three men to give their best services on this board. As to who is to comprise the board, I have just as much faith in the officials of the government who are in a way directly responsible to parliament as I have in any persons who may be put on the board. I believe that in many respects this bill will not achieve the purposes for which it is intended. All it will do is create another department of government. I do not know where there are any greater experts outside than we have inside the service. Past experience with boards of this kind has not shown them to be very successful. All I hope is that if the bill goes through in its present form, at least there will be appointed to this board men of such a calibre as to merit the confidence of this house and the country.

Under the provisions of the bill now before us the functions of the board will not be very important, because once they have rendered a decision on certain contracts, those contracts will still come under the jurisdiction of the permanent officials of the Department of National Defence and the Department of Finance, and their decisions will ultimately have to be approved by the governor in council. That seems a cumbersome way of doing business. I would prefer to see a simpler method of awarding government contracts, a method under which those who award them will be directly responsible to this house.

Hon. R. J. MANION (Leader of the Opposition): I wish to say only a few words at the present stage; I shall reserve any detailed suggestions until the bill is in committee. Unfortunately the demands on the time of all hon. members are such that we have not as much opportunity as we should like to study questions of this kind. However I have read the bill a few times, and I have read over again the speech of the Minister of National

Defence (Mr. Mackenzie). As other hon. members have emphasized, I believe the bill is one of very great importance; I cannot think of any subject before the people of Canada to-day which is of more importance than the proper handling of the money that is to be spent in huge amounts by the Department of National Defence.

I want to refer briefly to one or two remarks made by the minister in regard to selected lists of contractors under past governments. In the first place, of course, I know nothing about this; I accept the statement of the minister in regard to the number of contracts let to those on selected lists. I had nothing to do with that department; I had my own troubles in the department of which I was the head, and had little time to follow the doings of other departments. At the same time I remind hon. members that during the time the Bennett government was in power we did go through a world depression, and an attempt was made at that time to allocate contracts of various kinds in such a manner as to relieve unemployment in various parts of this country. I also agree that possibly the use of selected lists may at times be the best way to deal with contracts. I do not wish to go into that question at length.

There is this also to remember: that in that period the whole world was hoping for peace, as unfortunately we cannot do with such confidence now. The German dictator had not come to the zenith of his power as he has recently. We all remember how Great Britain refrained from rearming, as many now think she should have done. We in Canada were in the same position. I made it my business to look up the amounts expended on armaments by Canada in the last ten years. I find that for the five years we were in power the total estimates of the Department of National Defence for defence purposes amounted to some $75,000,000. This year alone an expenditure of $63,000,000 is proposed.

Mr. MACKENZIE (Vancouver): I believe that includes some amounts for unemployment relief.

Mr. MANION: Probably it does, but that amount is almost equal to the total for the five years during which the Bennett government was in power. For the past two years the figure was $70,000,000, just about equal to the total amount spent during the five years of the Bennett government. I am not giving these figures in any spirit of criticism; I believe that with present world conditions we must be prepared to defend ourselves. As I said during the debate on the address Canada cannot sit back and depend upon other countries, however friendly they may be, to defend us if we are in trouble. Because of this huge expenditure, however, it seems to me all the more necessary that we should do everything in our power to avoid the errors of the past, if errors were made, as no doubt they were. I have never questioned the statement that errors were made during the war, though I have never checked up to see if that was so; and I presume such errors were serious. All the more reason, therefore, that at this time, when thank God the world is not at war, we should be very careful so to spend this huge amount of money that there cannot come from the public any condemnation of what we call our democratic parliamentary system.

To a certain extent I believe hon. members to my left, the Cooperative Commonwealth Federation, are right when they say the public demands or at least desires nationalization of the entire manufacture of munitions in Canada. The hon. member for Rosetown-Biggar (Mr. Coldwell) admitted, I thought very fairly, that this is too much to hope for. I forget the exact words he used, but he admitted, in terms with which I agree, that such nationalization is really too much to expect. However, I think if we could get nationalization without too much in the way of capital investment by the government, and without getting into government manufacture on a huge scale, it would meet with the approval of the people. At any rate the people do desire, in fact they demand, that there must be no unfair profits, which is what I would call profiteering, in regard to these expenditures. In other words if they cannot have nationalization, they demand that we must have full and absolute control of profits.

With the object of the bill and the principle behind it, as I said the other day, I believe we all agree; that is, the principle of cutting down profits as far as possible. Whether or not this bill will accomplish that end I do not know; some of its sections I think require elucidation, and when we are dealing with it in committee I intend to ask certain questions and make certain suggestions in an endeavour to improve the bill. To show what can be done by private enterprise, however, I should like to refer to the Canadian Annual Review of 1918, which contains a very good account of the work done during the war by the imperial munitions board. Even though it may be a little tedious I am going to take this opportunity of putting some extracts on record, because I am convinced that the business men of Canada are the equal of the business men of any other country in the world. I am also convinced of something

with which some may disagree; that is, that the business men of Canada, if given the opportunity, are ready to do their share in serving this country. I believe that, and I believe business men should be given a greater opportunity to serve without remuneration. Therefore I believe that with a better appreciation of what they did during the war—much of it for profit I admit—we might safely come to the conclusion that by calling in the business men of this country to assist whatever government may be in power we can obtain service for this dominion which we cannot secure if we merely maintain in its entirety the old profit motive.

I quote from page 542 of the Canadian Annual Review of 1918:

To the imperial munitions board, which succeeded the famous Shell Commission in 1915, under appointment by the imperial government and with Sir Joseph W. Flavelle as chairman, much of this success was due. Prior to August, 1914, Canadian manufacturers knew nothing of shrapnel or shell-making and had never made a cartridge case or fuse; by December 31, 1915, under the Shell Commission, they had exported $57,241,852 worth; in the next three years, under the imperial munitions board, they had exported nearly a billion dollars' worth—$296,505,257 in 1916, $388,213,553 in 1917; $260,711,751 in 1918. The total for the whole war period was $1,012,548,501, with contracts in hand which would largely exceed that figure, as a manufacturing total. In 1915 desperate efforts were being made to produce fuses; at the beginning of 1918 Canada was turning them out at the rate of 2,750,000 per month and of such high quality as to win congratulations from the imperial authorities. By this time the making of 16,000,000 boxes to carry munitions overseas had been carried out and the production of explosives such as cordite, T.N.T., acetone, methyl-ethyl and nitric acid steadily developed and maintained; large orders from the United States were on hand including 7,000,000 shells, 10,000,000 forgings and 2,000,000 cartridge cases; over 300 aeroplanes a month were being produced and large orders for steel ships were under way. The board in these months was spending $1,000,000 a day in Canada, and contracts had been given or were being worked out by 950 manufacturing firms. As the year 1918 passed on the work of the board grew in volume and variety. National munition plants were put in operation at a cost of $15,000,000 in Montreal, Renfrew, Trenton, Toronto and Parry Sound, and in them powder and high explosives were made, fuses loaded, steel and forgings produced and aeroplanes built.

A little lower down on page 543 there is a quotation from a statement by the British war cabinet, which I think is worth putting on record:

Dealing at this juncture with production, as it had been in 1917, the British war cabinet declared that "the manufacturing resources of Canada have been mobilized for war production almost as completely as those of the British isles," and added these detailed facts—

This is the statement by the British war cabinet:

15 per cent of the total expenditure of the ministry of munitions in the last six months of the year was incurred in that country.

That is, in Canada.

She has manufactured nearly every type of shell from the 18-pounder to the 9·2-inch. In the case of the 18-pdr., no less than 55 per cent of the output of shrapnel shells in the last six months came from Canada, and most of these were complete rounds of ammunition, which went direct to France. Canada also contributed 42 per cent of the total 4·5 shells, 27 per cent per cent of the 6-inch shells, 20 per cent of the 60-pdr. H.E. shells, 15 per cent of the 8-inch and 16 per cent of the 9·2-inch. In addition Canada has supplied shell forgings, ammunition components, propelants, acetone, T.N.T., aluminum, nickel, aeroplane parts, agricultural machinery and timber, besides quantities of railway materials, including no less than 450 miles of rails torn up from Canadian railways, which were shipped direct to France.

Then this article goes on to say:

Ships to the value of $64,000,000 were put under construction by the board; the operations at Shawinigan in producing calcium acetate, and acetic acid grew to large proportions and included cellulose acetate for aeroplane wings with important orders, also, from the United States—

Over on the next page it gives the complete figures of our exports during the four years, in regard to quantities. There are a good many other details which I do not wish to put on record, but I think these are worth while:

Shells	65,343,647
Fuses	29,638,126
Fuse parts	16,174,073
Cartridge cases	48,627,673
Percussion primers	35,386,488
Shell forgings	6,412,115
Explosives; chemicals (lbs.)	111,297,107
Metals; compounds (lbs.)	107,282,336
Lumber (feet)	53,327,107
Exploder containers	13,285,000

Then it goes on to deal with the matter in greater detail. I quote this, sir, because I think it should be on record in justice to our business men. It shows the magnificent work that was done during the last war. I repeat that it is my opinion that given the opportunity, particularly in peace time when there is not the pressure that existed during the war, we can produce munitions in Canada in the same splendid way that we did during the last war, as is illustrated by what I have just quoted. I repeat that I believe we should do more. I do not mind saying that on one occasion I proposed to my own leader, in connection with another matter, to call in the business men of Canada to assist us in certain matters. I believe if some of our leading business men were given a chance

such as Mr. Purvis was given in regard to unemployment, if they were brought in to assist, that they would gladly do so in any way they can—just as members of parliament as was mentioned a few moments ago, desire to assist their country. Undoubtedly that is the desire of members of parliament. I believe they are working for the good of Canada, whatever the criticisms may be that are opposed to that suggestion.

I repeat I would prefer that there should be no profits at all in the manufacture of munitions for Canada. But, after all, the government has looked into the matter thoroughly. The minister reviewed the attitude of the governments of various countries, and it is the opinion of the government that we cannot go in for the manufacturing of munitions by ourselves. Therefore the government must do everything it can to maintain full control of profits, such as they are.

I have made the statement that I believe discussion in the house on the Bren gun inquiry has had much to do with the improvement of the bill. The bill is a refutation of the statement which has been made outside the house, as well as in it, that the Bren gun discussion merely held up the business of the country. Had it not been for that discussion I believe this bill would not be as good as it is. I believe the government will admit it is more ready, because of the criticism it received—and perhaps it claims some of that criticism was unjust—to see to it that the bill is as close to perfection as possible.

For example, had the measure now before us been in force—even as it now stands, without the improvements which I hope will be made as a result of discussions in committee—there would have been competition in the Hahn contract. There was no competition in that contract, either through public tender or, through use of a selected list. To my mind a selected list would have done away with the severe criticism of the Hahn contract. Then, there would have been no letter of introduction to one man, to the exclusion of all others, or the making of one man the representative of Canada. There would have been no pressure on Great Britain. There would have been no stock profits.

When the minister is on his feet I would like him to explain further what he said as it is reported at page 1759 of *Hansard*. In reply to a question of mine he stated in effect that in the Bren gun contract the possibility of stock profit had been done away with.

Mr. MACKENZIE (Vancouver): The first time it was attempted.

Mr. MANION: But, as a matter of fact, under the Bren gun contract there was an opportunity to make a million in profits. That is one of the things which was most offensive to the people. If there had been some such provision as appears in the bill, a limitation of profits to five per cent or ten per cent on the capital, there would not have been the same danger of huge profits such as are going to be made in the Hahn contract.

There are a couple of suggestions I should like to make in regard to the bill. One of the great flaws in it—I mentioned it the other day in my remarks—is that there is not close enough connection between the proposed defence purchasing board and the defence council. As the minister knows, the defence council is made up of the Minister of National Defence, as president, and the deputy minister of national defence, as vice-president; and the members are the chief of general staff and the director of naval services. The associate members are the adjutant general, the quartermaster general, the master general of the ordnance and the director of the Canadian air force. I believe one of the weaknesses of the bill is that there is not sufficient liaison, if I may use that term, between the defence council and the board proposed in the bill. I suggest there should be a closer association—

Mr. MACKENZIE (Vancouver): May I interrupt?

Mr. MANION: Yes.

Mr. MACKENZIE (Vancouver): Although it is not specifically provided for, in several places in the bill there are opportunities where the chairman of the board could consult the council with reference to requirements of the Department of National Defence. I refer to stock on hand and requirements for the future.

Mr. MANION: I admit that. There is opportunity for the minister, who is president of the defence council, and would be the liaison between the two.

Mr. MACKENZIE (Vancouver): Yes.

Mr. MANION: I do not think that is sufficient. My own opinion is that the minister or the government could improve the bill. I was going to refer to the minister, but by virtue of his office he would have access to the board. But, let us take, for example, the master general of the ordnance, who does much of the purchasing of supplies and who has a military training. He could be placed on the purchasing board, as a non-voting member, if you like. Or, it might be done the other way, namely by placing the chairman of the purchasing board on the defence council.

The point is that there should be some member in addition to the minister who is associated with one body and has a place on the other so as to achieve a closer liaison than there would be under the bill.

At page 9 of the Bren gun report there is a suggestion from the Artillery Association of Canada, and one from the conference of defence associations. They suggest the setting up of a munitions board, not a purchasing board such as proposed in the bill. The quotation I wish to read is on page 9. It is as follows:

There was also read into the record a resolution passed on November 13, 1936—

That is two and a half years ago.

—by the conference of the defence associations —a body comprised of senior officers appointed by the different service associations who meet for a conference each year. The infantry association, the cavalry association and the artillery association each appoint four of their senior officers to represent them at what is known as the conference of defence associations, which meets in Ottawa and at which matters pertaining to the militia are discussed. The resolution of November, 1936, read as follows:

"That this conference of Defence Associations urges the government of the Dominion of Canada to take immediate steps to create a munitions board or some similar body to control the production within Canada of such munitions as can now be made here satisfactorily and to prepare plans for the effective mobilization of our industrial resources in the event of war, and that a copy of this resolution be sent to the Prime Minister and the leader of the opposition."

This had reference to the late leader of the opposition. The report goes on:

And the following resolution unanimously passed in February, 1938, by the officers of the artillery association (both the permanent and the non-permanent force officers) was read:

"That steps should be taken by the government to appoint a munitions board—

The same suggestion.

—under the chairmanship of a skilled manufacturer to provide for the manufacture of all munitions which can be efficiently produced in Canada."

In view of these suggestions made by the only associations in Canada which really represent all different branches of Canadian defence forces, I think the government might be well advised to accept some such suggestion as I am making. I say that because it seems to me that the munitions board would go much farther than it is proposed the purchasing board shall go. In fact, I have had a couple of representations from members of the conference of defence associations urging that the defence purchasing board is not sufficient. On the other hand I have been told that at least one of the very prominent members of that association supports the board. The minister may have information with regard to that. Anyway, I repeat that there has been opposition by a couple of members—

Mr. MACKENZIE (Vancouver): May I ask a question?

Mr. MANION: Yes.

Mr. MACKENZIE (Vancouver): What could the munitions board do that this proposed board could not do?

Mr. MANION: It would go much farther. After all, the proposed purchasing board merely puts into effect the requests of the minister.

Mr. MACKENZIE (Vancouver): No.

Mr. MANION: The minister is the man who puts matters up to the board, after they have been passed upon by the defence council.

Mr. MACKENZIE (Vancouver): But then they survey the entire requirements of the department, in conjunction with the experts of the department.

Mr. MANION: The minister may be right. I am glad to be corrected by the minister, who says that this board goes as far as a munitions board would go. If so, I shall be more satisfied. But it is claimed by those who took it up with me—I do not know that I asked them to specify the difference, but it did seem to me that they were right—that a munitions board will go much further. The purchasing board, in my opinion, should have a closer association with the defence council than it has at the present time. I have said all I wish to say on that subject, and I have now only one or two suggestions to make.

I think that what we require in this country is, first, good equipment for the money expended. Second, we need efficiency and speed in manufacture. Third, we require the elimination of profits, if possible. Apparently that is not entirely possible, but there should be the full control of profits, not only on contracts which are not let by tender but on contracts which are let by tender. I do not know that that can be done, but I believe some further investigation should be made in that regard. I do not wish to go into it in detail now, but when we come to the appropriate clause of the bill I shall have a few questions to ask. Finally, we all want wise and honest expenditure of the money of the Canadian people.

In regard to my suggestions, let me briefly recapitulate the points I have made. First, we must try to bring about a closer association between the defence council and the purchasing board. Second—and this may have been covered by the minister to a certain

extent—if the government is not willing to go into government manufacture on a large scale, it could certainly have pilot plants in various parts of Canada which would serve at least as a check on the cost of munitions being manufactured by private concerns. Third, I think it would be well to have something in the way of a committee of both houses, to discuss, in camera if necessary, the whole defence problem of Canada; questions will be coming up in the house, on the estimates of the department, for instance, which the minister will not care to answer. He will probably, and truthfully, tell us that in the public interest certain questions which we ask cannot be answered. These questions might well be discussed in camera by a committee of both houses, which would serve to reassure the people generally, even though they were unacquainted with the work of the committee, that everything was being carried on in a proper manner, from all aspects.

Finally I should like to see this bill improved, and we can do that better perhaps as it goes through the house, in order to satisfy public opinion in regard to profits. It seems to me that defence expenditure is so important that it is no exaggeration to say that on the proper expenditure of this money we shall have to depend if or when we are called upon to fight for our very national life.

Mr. T. C. DOUGLAS (Weyburn): Mr. Speaker, I desire to make only a few remarks on this bill before it goes into committee.

A perusal of the bill indicates that the government is now embarked on a very large rearmament program. There are two ways in which the government can get armaments: either by manufacturing them, or by purchasing them from private manufacturers. This bill would indicate that in the main the government proposes to follow the practice of purchasing from private manufacturers.

I want to draw two facts to the attention of the government, and particularly of the Minister of National Defence (Mr. Mackenzie). The first is that despite his eloquent speech of last Friday, to my mind he has not yet given any good and sufficient reason why the government cannot manufacture a great many armaments and materials of war in its own arsenals.

Mr. MACKENZIE KING: May I interrupt my hon. friend for a moment? Two or three hon. members who have spoken from his group have said over and over again that the government's policy is to encourage manufacture by private interests, and not to have the manufacturing done under government auspices in its arsenals or other government establishments. There is nothing in this bill which would justify that statement, and it is not true as a statement of government policy. I want to assure my hon. friends that the question whether certain contracts are to be given to private firms or the work done in government workshops is one which will be studied as we go along with reference to the different contracts that have to be made, equipment or supplies that are required, and the circumstances under which alone they can be made. There is nothing in this bill which justifies the statement that the government is committed to the one policy rather than the other.

Mr. DOUGLAS (Weyburn): May I point out to the Prime Minister (Mr. Mackenzie King) that there is nothing in the bill to justify any belief to the contrary.

Mr. DUNNING: Oh, yes. Section 2 specifically provides for government manufacture.

Mr. DOUGLAS (Weyburn): But this is a purchasing board—

Mr. DUNNING: We would not need one to purchase from ourselves.

Mr. DOUGLAS (Weyburn): This bill provides for a purchasing board whereby the government may purchase its requirements, and it contains all the provisions for the letting of contracts. The minister would not suggest that we will let contracts to ourselves.

Mr. DUNNING: If my hon. friend will permit me, we would not need a purchasing board to purchase from the government's own factories.

Mr. DOUGLAS (Weyburn): Exactly, we would not.

Mr. DUNNING: We do not.

Mr. DOUGLAS (Weyburn): Therefore the fact that this board is being set up, and the fact that we are to provide large sums of money for national defence, indicate that we now propose to purchase from private manufacturers.

Mr. MACKENZIE KING: If my hon. friend wants to present the government's policy in its true light, it would be this. The government is not in a position to say that it is going to have all armaments and munitions manufactured in government arsenals and workshops, that there is going to be a monopoly in the provision of armaments by government workshops and arsenals. All that the bill implies is that there will of necessity be some orders placed with private concerns, and that being the case this bill

makes provision for a defence purchasing board to deal with contracts where such are to be entered into. That is the true position.

Mr. DOUGLAS (Weyburn): Of course the Prime Minister can make that statement if he likes, but it is apparent that some contracts will have to be given to private firms.

Mr. MACKENZIE KING: And those are the ones we seek to control by this bill.

Mr. DOUGLAS (Weyburn): The Minister of National Defence the other day weighed the arguments pro and con in respect of public manufacture. Speaking of differences of opinion in the department itself, he said that certain senior officers were in favour of public manufacture, and then went on to say, at page 1760 of *Hansard*:

> Others of equal senior rank pointed out that the capital cost of constructing and equipping the several plants advocated would run between $30,000,000 and $35,000,000.

Then he went on:

> I think I am safe in saying that on principle the government favoured state manufacture. However, at that time we were faced with a most serious financial problem.

He proceeded to outline what the government's policy had been, that the policy has been the purchasing of armaments. By this measure we are providing the machinery whereby the government may continue to purchase from private manufacturers. The Prime Minister spoke of the extent to which that might be done. The extent to which the government will purchase from private manufacturers and the extent to which they will manufacture in their own shops will be left, of course, to the decision of the government, but the fact remains that nothing was said by the Minister of National Defence the other day to indicate that the government proposes to extend the machinery for producing in its own plants.

Mr. MACKENZIE (Vancouver): Most definitely he did.

Mr. DOUGLAS (Weyburn): Oh, no.

Mr. MACKENZIE KING: He referred to the Lindsay arsenal in specific terms.

Mr. DOUGLAS (Weyburn): Exactly, and pointed out that we could not use it.

Mr. DUNNING: Let my hon. friend quote correctly from the minister's speech—and not misquote.

Mr. DOUGLAS (Weyburn): I will read what the minister said in that regard. I quote from page 1758 of *Hansard*:

> Just a comment or two on these findings.
> [Mr. Mackenzie King.]

He was referring to the findings of the interdepartmental committee presided over by Doctor Skelton.

> As suggested in No. 1, the government is making the maximum use of its own arsenal plants. I say that deliberately. The advice given me by the officials of the Department of National Defence and by the highest ranking officers, those who are in favour of the principle of public ownership, in regard to the development of the Lindsay arsenal is that until we proceed with the filling group and the ammunition group at Valcartier, until we have made Quebec available, we should not proceed with the development of the Lindsay arsenal as planned for the manufacture of small arms ammunition. It must be kept in reserve. However, since this government came into office the production of our necessities at the arsenals at Quebec and Valcartier has been increased by four, six or seven times. We have made a modest beginning at the arsenal at Lindsay and it is my fervent desire that as soon as possible we should proceed with the further development of the facilities at Lindsay.

Let me now return to what I was pointing out.

Mr. DUNNING: The hon. member will find it rather difficult.

Mr. DOUGLAS (Weyburn): Here we have provision for a board for the purchasing of armaments. There can be no denial of that. Here is the machinery being set up—a commissioner with three others; provision made whereby they can either call for tenders or have a selected list; a requisition is received from the Minister of National Defence; they arrange a contract; that contract goes to the Minister of Finance; if he approves it is referred to the governor in council, and if they approve it is signed. Now, however much the government may not like it, the fact remains that here is a board for purchasing armaments.

Mr. MACKENZIE KING: May I ask my hon. friend this question, so that we can get the point perfectly clear? Do I understand he is arguing that, for example, aeroplanes which are required, which are part of the defence equipment, should be made in government workshops; or that searchlights, which are part of the equipment for the defence department, should be made in government workshops? Unless he is arguing that all the equipment and supplies must be manufactured in government workshops, I say that where matters such as these are concerned the government should have a board of this kind if it wishes to control contracts.

Mr. DOUGLAS (Weyburn): There is no need for me to start telling the government what could be manufactured under public ownership and what could be manufactured privately. The fact is that things other than aeroplanes and searchlights and equipment of

the kind mentioned by the Prime Minister are being manufactured and have been manufactured by private concerns.

Mr. MACKENZIE KING: Why, certainly.

Mr. DOUGLAS (Weyburn): Bren machine guns, and shells, are being manufactured now by private manufacturers for the government under contract, and nothing was said the other day by the minister to indicate that that policy is to be changed. On the contrary, every indication is that it will be continued. If the Prime Minister says it is not so, I shall be only too pleased to hear it.

Mr. MACKENZIE KING: May I make the government's policy clear now, so there may be no doubt about it? The government does not propose, with regard to the provision of arms and equipment, to have them manufactured wholly under private industry, nor does it propose to have them manufactured wholly under public ownership. It proposes to distribute the work between the two in the light of the best advice it can obtain as to what would be most in the public interest.

Some hon. MEMBERS: Hear, hear.

Mr. DOUGLAS (Weyburn): I am very glad, Mr. Speaker, that some hon. gentlemen opposite can find satisfaction in that statement. I cannot find any satisfaction in it.

Mr. DUNNING: Well, we don't wonder at that.

Mr. DOUGLAS (Weyburn): It is said that some will be manufactured privately and some under public ownership, in the light of the circumstances, but according to the government the circumstances lately have been such that the bulk have gone to private manufacturers. Nothing has been said by the government to indicate that that trend will be reversed, and in view of the increased expenditures expected it would appear that policy will be not only continued but accentuated.

The Minister of National Defence said the other day that one of the greatest arguments against state manufacture was the cost. I have already read the passage in which it is stated that the capital cost of constructing and equipping the additional plants advocated would amount to between thirty and thirty-five million dollars. But in respect of at least two contracts the government is buying the machinery in order to have the munitions manufactured by private concerns. Would it cost any more to buy machinery and have the government manufacture the munitions than for the government to buy the machinery and let private concerns manufacture them? We have three arsenals, and I do not think anybody has suggested that they are working to full capacity. There are railroad shops across Canada which could be utilized for this purpose. Even though it should cost more—and I believe that point is debatable—the confidence created in the minds of the Canadian people would more than make up for any cost which would be involved, to say nothing of the fact that, as I see it, labour conditions among the men employed in government-owned factories manufacturing war materials would be much better than in some factories which will receive contracts through this purchasing board. So I say that no good reason has yet been shown by the Minister of National Defence or by the Prime Minister why these armaments should be secured by purchase from private manufacturers.

May I take a moment or two to point out to the government the price we are going to pay for not having state manufacture of armaments? By the giving of these contracts to private manufacturers we are helping to build up the armaments industry in this country. We are helping to build up another link in that chain of armament racketeers which now extends around the world because of the blood money they made in the last war, because of the tremendous profits they are making to-day in almost every country—interests which have had a large part to play in the bringing about of international discontent, suspicion and distrust. Sometimes I am alarmed when I look at the figures and realize that Canada is rapidly becoming a munitions dump for the world. We passed in this house a bill to limit the—

Mr. MACKENZIE KING: "Munitions dump." What does my hon. friend mean by that?

Mr. DOUGLAS (Weyburn): Mr. Speaker, it is a military term. A munitions dump is usually a place where they keep large supplies of munitions. I will use the word "arsenal" if the Prime Minister prefers it. I used a term commonly employed; if it is not a parliamentary term I shall very gladly replace it with a more suitable term.

I have here something else from the Dominion Bureau of Statistics, namely the exports of military planes from this country. What do I find? We have heard a great deal recently about the defencelessness of Great Britain and the need to assist her. But I notice that last year, whereas Canadian firms manufacturing military planes and parts exported to Great Britain about $86,000 worth, we exported to Turkey, for instance about $2,000,000 worth.

Mr. DUNNING: Of what?

Mr. DOUGLAS (Weyburn): Military planes and parts.

Mr. DUNNING: Military planes?

Mr. DOUGLAS (Weyburn): Military planes and parts. That is what I said. I have here the list of licences issued each month for the export of munitions and weapons of war from Canada. This is furnished by the Department of National Revenue. I am amazed when I go over it. I will just read off the figures:

Period	Value of arms, ammunition and munitions exported from Canada
February, 1939	$ 71,178
January, 1939	131,689
December, 1938	126,198
November, 1938	101,993
October, 1938	165,675
September, 1938	223,388
August, 1938	92,473
July, 1938	183,145
June, 1938	285,922
May, 1938	833,221

A part of the last mentioned represents the supplying of aeroplanes to Turkey.

April, 1938	$ 179,160
March, 1938	1,104,373

This represents the shipping of aeroplanes and munitions to Turkey and Japan.

February, 1938	$444,046
January, 1938	94,192

A year ago last December the amount was $82,000; in November a year ago it was $46,000, Turkey again being one of the chief recipients, and so on. Over the last four or five months large quantities of shells have been shipped out of Canada. From private manufacturers of arms in Canada are going weapons of war—to whom? In many instances, not to Great Britain.

Mr. DUNNING: Not to Great Britain? Let the hon. member correct that immediately.

Mr. DOUGLAS (Weyburn): Not exclusively to Great Britain. I do not say there is none to Great Britain, but it is not exclusively to Great Britain.

Mr. DUNNING: Shells are going to Great Britain.

Mr. DOUGLAS (Weyburn): Yes; shells are going to Newfoundland and Australia and military planes are going to Turkey and Japan. Large quantities of nickel and copper for the manufacture of shells are going to these countries.

Mr. DEACHMAN: How does the hon. member know that it is for the manufacture of shells?

[Mr. Dunning.]

Mr. DOUGLAS (Weyburn): The hon. member is fond of statistics. If he will take imports of nickel into Germany over the past ten years he will find that the large imports of nickel and copper into that country from Canada coincided almost to a month with the large rearmament program that was carried out in Germany.

Mr. DEACHMAN: Has the hon. member the figures for the last ten years?

Mr. DOUGLAS (Weyburn): I have them, but not here; I have the figures for the last three years. Our exports to Germany in hundredweights have been:

1936	10,136
1937	23,151
1938	20,233

What I want to point out is this. By purchasing from private manufacturers of armaments we are playing our part as a government and a people in helping to finance and support an armament ring who, as every student of the last war and of the years following the war will remember, constituted a serious menace to the peace and good government of the world. Somebody suggests that not only are we helping to build an armament ring, but that this armament ring is in turn helping to arm countries, which, if their present actions are any indication of their policy, are likely to become, and in some instances have become, international aggressors. The cost of building up private armament manufacture in this country is to strengthen the hands of a group of people who all through the last war sold armaments and weapons of war, to one another, even though their own countries were at war.

I would refer hon. members to Philip Noel-Baker's Private Manufacture of Armaments, Merchants of Death by Engelbrecht and Hannighen, the Nye report by the United States senate, and The Private Investor by E. Staley. Any one of a dozen authoritative works can be consulted to bear out what I have said. German boys died at Verdun on barbed wire made in Germany. French aluminum found its way into Germany; Canadian nickel and British glycerine and guncotton found their way through Sweden into Germany. Since the war it has been known that these armament racketeers, by means of propaganda through newspapers and radios which they control, have fostered suspicion and distrust. It is still within the memory of most members of this house that one disarmament conference at Geneva was to a large extent wrecked by the machinations of a United States armament agent who was sent there to engage in activities that are a disgrace to the human race.

In my opinion nothing could be more serious for a country that loves peace, for a people who talk about neutrality, than to become a link in the international armament chain, and that is what we are rapidly becoming.

Mr. MARTIN: Why does the hon. member say that? With a good deal of what the hon. member has said I agree, but we must be reasonable in our utterances. The statement he has just made is surely one that should be substantiated—that we are becoming part of an international racketeering ring.

Mr. DOUGLAS (Weyburn): I have before me sessional paper 107. I will not read it all, but it gives the lists and dates and the amounts of munitions which these companies have been exporting from Canada, starting in 1935.

Mr. DUNNING: Can the hon. member give the total over those years? I should like him to substantiate the statement that Canada is getting into an international armament ring. Let him do so by telling us what have been the exports of all these materials of which he speaks.

Mr. DOUGLAS (Weyburn): Here is the National Steel Car Corporation of Hamilton, Ontario, with at least twenty batches of exports.

Mr. DUNNING: Where to?

Mr. MARTIN: Are they part of this ring?

Mr. CLEAVER: And what is the value of these exports?

Mr. DOUGLAS (Weyburn): I shall be glad to make this speech myself without assistance.

Mr. DUNNING: We are merely interested in the truth; that is all.

Mr. DOUGLAS (Weyburn): I am glad to hear the minister is; that will be news to a great many people.

Mr. CLEAVER: Oh, no; give us that information, please.

Mr. DOUGLAS (Weyburn): I have here the list of exports by these different firms, with the different values.

Miss MACPHAIL: Maybe the Department of Finance will add them up.

Mr. DOUGLAS (Weyburn): I find in the list Canadian Industries Limited, Fleet Aircraft of Canada Limited, with two pages of exports of war material—

Mr. GOLDING: Are these firms racketeers?

Mr. DOUGLAS (Weyburn): They are manufacturing materials for war. Take nickel.

Mr. CLEAVER: I should like to put a question to the hon. member.

Mr. DOUGLAS (Weyburn): Will the hon. member wait a moment. I am developing my point and do not wish to be interrupted.

Mr. CLEAVER: Well, I rise to a point of order. The hon. member has made a charge that the National Steel Car Corporation of Hamilton is in an armament ring. I ask him to substantiate that charge or withdraw it.

Mr. SPEAKER: If the hon. member makes statements he should be able to substantiate them.

Mr. DOUGLAS (Weyburn): The hon. member surely is not familiar with the sessional paper. This is a list of companies who have received permits to export arms and articles of war under section 290 of the Customs Act.

Mr. CLEAVER: I am sorry to have to interrupt again, but I rise to a point of order.

Miss MACPHAIL: What is the point of order?

Mr. CLEAVER: The hon. member distinctly charged that the National Steel Car Corporation of Hamilton was in an armament ring. I ask him to substantiate or withdraw that charge.

Mr. SPEAKER: I think that is not a point of order. If the hon. member makes statements he should be able to substantiate them.

Mr. DOUGLAS (Weyburn): I pointed out that this company along with a number of others has been receiving permits from the Department of National Revenue for the export of war material.

Mr. DUNNING: Where to?

Mr. DOUGLAS (Weyburn): The Minister of Finance keeps interrupting, asking, "Where to?" The Minister has been a long time in this house, I have not been here very long; but I should expect a man in his position, if he wanted to ask a question, at least to rise in his place and ask it politely. I object to men lounging in their seats with a silly smirk on their faces—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Hon. members wishing to ask a question usually rise in their places, but on account of the Minister of Finance having been ill I do not think he should be criticized for not doing so.

Mr. DUNNING: I desire no quarter on that account; I apologize here and now to my hon. friend for not rising and asking his

permission to ask a question. Have I his permission now to ask him where the munitions manufactured by the National Steel Car Corporation were exported to? I am not speaking for that company, but I should like to know. I think my hon. friend might be courteous enough to answer that question.

Mr. DOUGLAS (Weyburn): I am prepared to answer it, but I object to interjections of the kind that we have had this afternoon. I have here the exports for every month for the past fourteen months; the minister must be familiar with them. The names of the companies are here, the amounts, the categories—they come under seven different categories, shells, howitzers, machine guns, aeroplanes, etcetera, with the destinations for which they are intended. I am prepared to pass this over to the minister, but surely he does not expect me to stop in the middle of my speech to add this up. I have given the total by months.

I point out that those exports of war material and munitions are on the increase, and that we are in serious danger of becoming involved in a serious situation. I have just placed on the order paper this afternoon a question relating to a report which came to me this morning from a fairly authoritative source, as to box cars being broken up in the Canadian National railway shops at Port Mann, B.C., and the scrap metal shipped to Japan on Japanese boats. I do not know whether that is true, but I know that exports of nickel and steel and scrap-iron for the latter part of 1937 and all of 1938 showed a very great increase, and that increase coincides with the Sino-Japanese war which began July 8, 1937. I point out that while the Minister of National Defence may feel that state manufacture of armaments is a costly proposition, yet over a period of years, in terms of what we may have to face if this country becomes embroiled in a war, if the international armament manufacturers succeed in getting their finger in this country, the cost will be very much greater than any price we could be called upon to pay for state manufacture.

The other day the minister quoted Mr. Lloyd George. I was interested in observing in the Glasgow *Evening Times* of May 6, 1936, a report of the appearance of Mr. Lloyd George before the royal commission on the private manufacture of and trading in arms at the Middlesex Guildhall. Mr. Lloyd George explained at the outset that he was in full agreement with the proposal that the manufacture of arms ought to be a government monopoly, and set forth his reasons for forbidding the private manufacture of arms. The report proceeds:

> On political grounds, he said, it would avoid the creation of powerful vested interests whose prosperity depended on war and preparations for war. The enormous increase, amounting to tens of millions in a few weeks, in the value of the properties of the armament firms of this country upon the intimation of a program of rearmament on a great scale by the government was in itself a startling demonstration of this peril.

And the war-time Prime Minister of Great Britain goes on to point out to the extent of two and a half columns that during the war private enterprise failed to meet the demands of the situation. He said that contractors in all sincerity, because their eyes were bigger than their stomachs, contracted to produce certain material that they had not the capacity to produce. He cited a case in which one contractor promised 12,000,000 shells and was able within the given period to produce only 1,000,000 shells. He says that more and more throughout the war the country had to depend on Woolwich, the government arsenal. I believe the experience of Mr. Lloyd George should be of some value to us, and that the government as they proceed with this rearmament program ought to give serious consideration to the feasibility of manufacturing under government ownership. Mr. Lloyd George said:

> When you contemplate the possibility of another great war, what matters most is the facilities we possess for speedy expansion on the most effective lines.
>
> Here nationalization of armaments has an enormous advantage over private firms.
>
> When in 1914 it came to the need for increasing our supply of munitions on an enormous scale private firms broke down completely.

So first I ask for some more adequate explanation why we should not have government manufacture, and second, have we measured the cost of continuing with private manufacture? I am satisfied, despite the sincerity of the Minister of National Defence and of the Prime Minister and his cabinet, that no matter how carefully any bill like this may be worded, it would be difficult to limit profits if the strain of war should come upon us. Attempts to do this were made by Mr. Lloyd George in Great Britain, by Mr. Baruch, in the United States, and in this country. We know that all of them failed. Under the present Prime Minister of Great Britain legislation was passed attempting to limit profits on the manufacture of war materials, but it has not been successful. Just the other day a newspaper report from Great Britain carried the statement that recruiting was behind for the simple reason that profits

on the manufacture of armaments were said in some cases to be as high as forty per cent. If that is true it is an unfortunate state of affairs, and I doubt if this legislation can stop that.

This government or any government that wants to stop excessive profits being gained out of the making of instruments of death is to be commended. I am prepared, and hon. members of this group I am sure are prepared to support any such move. But we are not prepared to support something that will be merely a blind, that may give the impression of doing something when it is not doing it. We are eager to see the real thing, but we are not going to be satisfied with a spurious substitute. Nor are the people of Canada who pay the taxes, who are going to carry the burden of this extension of defence, going to be satisfied. If war should come, the rank and file of the young men of Canada, of my own age and younger, are going to bear the brunt of the sacrifice; and it behooves this or any other government, and even this parliament, to take steps now to set on foot a defence policy which, so far as it is humanly possible, will include the public manufacture of war materials, with the view that if sacrifices are necessary in this country, they will be sacrifices of all the people for all the people rather than sacrifices of all the people for a few of the people.

Mr. DAVID SPENCE (Parkdale): Anyone who has had experience in awarding contracts can readily see that most of the discussion to-day has been carried on by people who have had very little experience along that line. I am not one of those who would try to bring about the nationalization of armament manufacture; nor, on the other hand, would I allow private interests to make big profits out of it. As the leader of the opposition (Mr. Manion) said this afternoon, however, there are still honest people in this world, and we should not be so suspicious about everybody. There are in the business world to-day a number of men who would be tickled to death to make armaments, and who, if given the opportunity, would make them for less than the five per cent profit.

I have awarded contracts for many years, and I do not believe that awarding contracts on a plus five per cent or plus ten per cent basis is a good system to adopt. Big interests, and even smaller interests, have often manipulated matters in such a way as to make that cost fairly high. They can increase the salaries of their executives by $5,000 or $10,000 each; or, if they do not like that, they can call meetings of their boards more often than is necessary and pay their directors $5,000 a meeting. I know this has been done by some gold-mining interests and some liquor interests. That is why some of these companies have not paid dividends for several years; the profits have been eaten up by high salaries of executives, and by directors attending meetings more often than is necessary and being paid $5,000 for spending an hour at these meetings. That is done by some of the big interests in Toronto, and I am not referring to munitions at all.

I believe we should establish an experimental station where there will be experts, under the Department of National Defence, who will know exactly how much it will cost to make any commodity that may be required if we should engage in a war, which we all hope will not happen. My idea is that we should get the lowest price possible. You could have the specifications of the particular article you have to buy, or perhaps a sample of the article itself; then call in a number of the people who are established in that business, firms with real machinery which you do not have to put in for them, and ask them to quote a figure. At the same time your own experts could be figuring out a price with which you could compare the tender. That is what they do if they build a trunk sewer, a road, a bridge or anything else; they have an expert staff figure on the cost of the undertaking. In that way you would know that the firm would not be making more than five per cent. But if you say a firm can have this business but that they must not make more than five per cent, then they will make their overhead so high that when they get their five per cent on it they will, in reality, have a much larger profit.

I do not see how the profit is going to be kept down to five per cent unless some such measures are taken, although at the same time I am not so terribly suspicious of the business men in Canada. I am perfectly satisfied that Canadian manufacturers to-day are willing to do anything they can to save this country, and that there are just as many honest business men and manufacturers as there are honest people of other classes. If you put some confidence in them, ask them to come to your support and to give you advice, they would be delighted to do so, and in that way you could get together with them.

I am all for this purchasing commission, but I want to warn the government that the members of this commission must be born bargainers; they must not be just the tools of anybody who may come along. They must be able to read the men with whom they are doing business; they must be prepared to

adopt schemes and methods whereby this country will receive the utmost return for each dollar that is spent. Everyone would not make a purchasing agent, as hon. members know, and I warn the government that they will have to be careful in selecting the personnel of this commission. As I have said already, this five per cent profit will be the most difficult thing in the world to handle. Something has been said about auditors who will check up everything; well, all the auditors in the world cannot check up some people, because, while figures do not lie, liars figure.

Mr. D. G. ROSS (St. Paul's): I think the hon. member for Parkdale (Mr. Spence) is under a slight misapprehension if he thinks all contracts come within the five per cent limitation. The bill itself states that this board is to limit costs and control the profits on these contracts, but in another place I notice that the five per cent applies only to contracts which are not competitive.

Mr. SPENCE: Let it apply to all.

Mr. ROSS (St. Paul's): We have heard a great deal about dividing up armaments between public and private manufacture. I believe at present we have some small arms ammunition being made in public plants, but the machinery of our arsenals is rapidly being transferred to private plants. I do not think that is a very good division as between public and private ownership.

If the government had followed the suggestion of the defence council of Canada, which was also urged by both General Ashton and General McNaughton when they were chief of the general staff, we would be well on our way now towards some kind of government arsenal; we would have commenced the policy of having pilot plants for the manufacture of arms. It may be that the emergency was not recognized at that time, but now we find ourselves in a state of emergency. We are in a hopeless situation and the government, quite rightly, is turning from pillar to post in an attempt to make up the deficiencies in connection with munitions. But we must not look to the present only; we must look to the future as well, because I feel certain that it will be not a matter of five years or ten years but probably fifty years that this country will have to be prepared to defend itself.

Let us now look for a moment at the methods which I understand were pretty well agreed to at the defence conference of 1937. One of the first principles adopted by that conference was that all the nations of the commonwealth should cooperate with respect to the defence of the empire, and in connection with that cooperation I believe different methods of manufacturing munitions were also discussed. For many years in Great Britain they have had their arsenals and their pilot plants, and the pilot plants having to do with the manufacture of large arms also have been useful in connection with the manufacture of peace-time commodities. For example, one process with respect to big guns is used to-day in the manufacture of turbo-generator shafts. I think there the idea is that the manufacture of small arms in those plants should pay a certain percentage of the cost of the experimentation which takes place in their other pilot plants.

Let us go one step further. In Great Britain the practice has been to pick out firms of known capacity, with the machinery in their plants, and allow them to tender for government contracts. As a general rule not one but two or three are selected and asked to tender. I imagine profits are fair, and that is their way of doing it. But they do pick out the outstanding firms. I do not believe it can be said that Canada has followed the British practice with respect to at least two contracts. We know about one contractor, a radio manufacturer, who has never manufactured armaments and of another, a building contractor, who is given a government armament contract. I do not believe that when we let contracts in that way we are following the British practice.

Let us consider the situation with respect to Australia. They have developed their own arsenals and their own pilot plants. I have before me a picture which appeared in the Toronto *Globe and Mail* of March 2, showing a new anti-aircraft gun constructed in the ordnance factory at Maribynong, Victoria. The gun is being operated by the members of the first anti-aircraft battery, from Mosman, now in camp at Narrabeen, in Australia. The gun is shown in the picture. Are the Australians so much more clever than we are? Is it a fact that they can make these things, and that we cannot?

Let us consider the position we are in to-day. If we were confronted with an emergency and had our own arsenal and pilot plant we would be in a position to act. We would have our processes and our jigs, and almost everything necessary to show the manufacturer how he must operate. But we have not made that preparation. We would have to fish around to have different industries give us prices of one kind or another, and the amount of success we might have is open to question.

While at the present time we have to buy our munitions from private industry, there is no doubt that we should be developing our own public arsenals, so that we may have the advantage of using them in the future.

I believe the defence purchasing board is worth while, but I do not think it goes far enough. I do not see how it will bring about a decision as to whether munitions are to be manufactured in private or public factories. That apparently is a matter of government policy. In my view we should have a munitions board which would have powers wider than those of the proposed purchasing board. I believe control of the manufacture of munitions for the land, sea and air forces of Canada, together with the design, distribution and production of the necessary parts, should be under the control of a munitions board. While I favour the purchasing board, I repeat my belief that it does not go far enough, and would urge the government to try to do more of the work in our own arsenals, and to build them up for that purpose.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. MacNICOL: Are we passing the introductory part?

The CHAIRMAN: We are dealing with section 1 which states that the act may be cited as The Defence Purchases, Profits Control, and Financing Act, 1939.

Mr. MacNICOL: I have no objection to proceeding with this section. I was, however, going to ask the minister the significance of limiting costs, as indicated in the preamble, and if in such limitation of costs there will be adequate protection for labour in the factories?

Mr. MACKENZIE (Vancouver): The hon. member is dealing with the preamble, and we are dealing with section 1. Speaking generally, I would say that the preamble would be considered last.

Section 1 agreed to.

Section 2, paragraph (a) agreed to.

On section 2, paragraph (b)—"contract."

Mr. MANION: Mr. Chairman, it is almost six o'clock, and I suggest that we might lay this aside until we resume this order of business to-night. There are questions in connection with the section which I should like to ask.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

INDUSTRIAL LOAN AND FINANCE CORPORATION

On the order:

Second reading of Bill No. 21, respecting Industrial Loan and Finance Corporation—Mr. Vien.

Hon. J. L. ILSLEY (Minister of National Revenue): Mr. Speaker, before the hon. gentleman moves the second reading of this bill, perhaps by leave of the house I may be permitted to make a brief announcement on behalf of the government. The government is impressed with the dimensions and seriousness of the evils of unregulated money lending in Canada at the present time and will introduce legislation of a general nature to regulate the small loan business and to curb the loan shark evil. This legislation will be introduced this session, very soon, within a few days, I hope. It will be introduced in either this house or the other.

I do not think it is necessary for me to say more at the present time; for this is not the time or the place to go into the nature of the legislation. In view of what I have just said perhaps the hon. member would let his bill stand.

Mr. VIEN: Very well, Mr. Speaker.

Bill stands.

IMMIGRATION ACT

AMENDMENT OF PROVISIONS RESPECTING DEPORTATION OF PROHIBITED OR UNDESIRABLE CLASSES

Mr. A. W. NEILL (Comox-Alberni) moved the second reading of Bill No. 14, to amend the Immigration Act.

He said: Mr. Speaker, I explained at some little length on the first reading the purpose of this bill. I might perhaps take a minute now to say what it does not do.

It has been suggested from an unfriendly source that this bill is the evidence of a dark conspiracy to which I have lent myself for the purpose of turning Canada into a dumping ground for European criminals. That is a fine appeal to those who are terribly and entirely ignorant of the facts of the case. But the most casual acquaintance with the bill itself or with the conditions to which it refers will show the absurdity of such a contention.

The present Immigration Act prescribes a number of prohibited classes which are not allowed to come into Canada. My bill never affects that section or those people in any way.

shape or form. It does not allude to them; it does not deal with them; and it cannot possibly make it easier for any criminal to get into Canada. So that argument falls to the ground. There is not much opportunity for dumping criminals under that.

The present act says that those not yet domiciled, that is those who have not yet lived five years in Canada, and who commit certain crimes which are named in the act can be deported, and in fact must be deported. With one exception my bill does not affect those who commit such crimes. So there is small ground for suggesting that under that section Canada will be a dumping ground for criminals. Section 40 of the present act, among the crimes mentioned, lists that of having been a public charge; in other words, having been at some time, however remote, on relief. We have often heard it stated in a spirit of sarcasm that being poor was a crime, but here it is definitely found a crime because it is listed with living on the avails of prostitution, polygamy, and offences of that kind; and a person can be deported for having been at some time, under some unfortunate circumstances, on relief. A serious penalty is provided, that of deportation. A person can be sent back with the odium of being a prisoner.

My first impulse was to phrase my bill so that under no circumstances could a man who had been on relief be deported on that ground alone, but during times of great depression there are cases where a number of people who are proposed to be deported are quite willing to be deported, and that provides an easy channel for making them deportable. On the other hand, they may be British born. I know the case of a man who came out here, a good mechanic. He got a job and brought his wife and family over. Then his job petered out through no fault of his, and he was out of work. After he lost that job, he was fit for nothing but common labour work. He took sick and went on relief for a few weeks. He was automatically, compulsorily reported for having been on relief, because that is the way the law reads. The clerk of the municipality, or his equivalent in an unorganized territory, must report such a case; the government immediately appoints a board to investigate the circumstances, and if the board finds the facts are as stated, that the man has been on relief, the board must automatically order deportation. That is subject only to an appeal to the minister, with which I shall deal a little later.

There is an appeal to the minister; yes, that is true. But if the man has no political friends, and people in such a situation seldom have, he is handicapped in approaching this far distant minister along channels with which he is very imperfectly acquainted. There is this also to be said. There have been cases of ministers—I could name them—who have been indifferent to their duties, and who simply signed on the dotted line; and when the case of Tom Jones comes before him ordered to be deported, on the appeal the minister gives a most casual glance at the papers, sees that his deputy and those under him have O.-K'd the deportation, and naturally and not unreasonably agrees with them.

The point I am trying to make is that the appeal is made primarily or almost entirely from the decision of the board and intermediary officers—there is an inspector and someone else—to a minister who is largely guided by the advice of these very men, and the brief which is presented to the minister in regard to the case is drawn up by one of the very men who have already condemned the man to deportation. Can you think, sir, human nature being what it is, no matter how fair-minded this officer intends to be, that he would not put into that brief something at least of his own conviction that the man ought to be deported?

The process is this: The board of inquiry orders the man deported because he has been on relief. The case then goes to an inspector, and, I rather think, another official; then it goes to Ottawa where it is passed on by two competent, sound officials here; if they all agree on deportation, the case goes to the minister, who glances over the papers—or perhaps he does not—and says to himself, "These are my officials, reliable men, quite familiar with the case, and I am not," and too often he is apt to sign on the dotted line and acquiesce in the decision of his officials.

All that my bill asks is that this board inquiring into the case, if deportation is being asked for solely on the ground that the man has been on relief, may have the power, and that they shall use it, to recommend against deportation. At the present time they have no alternative than to order the man to be deported.

It is true that there is in a rather obscure section of the act, totally unknown to the man who is going to be deported, a provision that the board may also submit their views on the subject. But they have already damned the man, sentenced him to be deported, and if they accompany that with a recommendation that he had better not be deported, it does not have half the weight that it would have if the original recommendation had been against deportation. That is one of the main purposes of the bill

The bill has two phases, but that is the main idea, so that the board of inquiry, if in their judgment the circumstances are such that the man has every prospect of being a desirable citizen and it was only by accident, perhaps sickness or ill health or something like that, that he happened to go on relief for a few weeks—the board may recommend that he be not deported. They may, it is true, so recommend now, but in a sort of back-door way. That is, they may accompany their recommendation that he be deported with a letter that maybe he had better not be deported. That is rather a peculiar way of dealing with the matter. I want it dealt with straightforwardly so that there will not be any doubt, and I want the board to have power to do that. That is one of the purposes of the bill. There is not much opportunity there to make Canada a dumping ground for European criminals.

The other purpose of the bill is to give the same powers of recommending against deportation in the case of those who, because of having been on relief or possibly because of some minor offence, would be deported to a country where a heavy punishment, possibly death, would await them for some political crime they had committed which would not be a crime in this country. I make it specifically clear that it does not apply to extraditable offences or to anything which would be a crime in this country.

I have in mind the case of a man whose sole offence is, perhaps, that his mother or his grandmother was of a certain racial origin in Europe and who, if he goes home, is certainly liable to be sent to a concentration camp and possibly a great deal worse; for it is almost incredible how small an offence is made the subject of most serious punishment in these cases. I therefore propose to make it permissive only to those government officials who have heard the man's tale, and the onus is on him. I have known a case where a man produced distinct evidence that he was going home to his death for some offence for which in this country he was not liable to death. In that particular case the minister used his discretion. I am quite content that the responsibility shall be on the man to prove his case. I do not say that a board of inquiry should run all over Europe investigating these matters. But I think that if a man is able to substantiate his contention in a case of that kind the official should have at least the permissibility, so to speak, of recommending against his deportation. As I have said, it does not apply to extraditable offences or to those which would be punishable in Canada.

It has been Britain's boast almost since Britain was Britain that once a man touched British territory he was free. You remember, Mr. Speaker, that when slaves came from the south they could turn on their pursuers once they put their foot on Canadian soil and say that they were free men. Cases have been known where refugees have swum out to a British ship in a harbour and once they touched the side of the ship they were free from prosecution or pursuit from the officials of the country where they had been.

History tells us that Britain has benefited greatly by allowing liberty to all who came to her shores. I believe that the glass industry was started by refugees from Holland. Certainly the lace and woollen industries were started by refugees from the continent. Canada also has not lost much through the empire loyalists who came to us under similar conditions. But that is entirely too mercenary a view to take of the matter, and I do not want to emphasize that point.

This bill is quite limited. It does not open the door to refugees; it does merely two things. It gives the board the power, on inquiring into charges against possible deportees, to recommend if they choose, and only if they choose, against deportation—in the one case, where the deportee has been guilty, if it is a case of guilt, only of having been on relief; and in the other case, where he is going to very severe punishment, perhaps death, in the country of his origin.

The minister kindly suggested that I should discuss this matter with his officials. That is an excellent idea, because a person can get much better results across a table than he can across the floor of the house; and I did so. The aspect of it which I grasped, the viewpoint of the officials as I got it, at any rate, was that they do now do a great deal of what I have been asking to have done, but they do it by an act of grace, an act of compassion; that these officials do try to understand the circumstances of the man—and I do not deny it, for there are many excellent officials—they do study the case; if they think it is not one calling for deportation they so recommend to the minister and he gives his official decision against it. Yes, but the only objection to that is that they are now doing by a side-door what ought to be done openly. They are giving that clemency to a man by compassion and, so to speak, the grace of God which it ought to be his right to claim. We must always consider the

human element. Officials change; ministers change; we might quite conceivably have officials who were negligent or careless in their duty, and a minister who is the same way, and they would just go along the line that "This man has been ordered deported, and the man who saw him ordered deportation, so I guess we had better let it go through," although the case might be a very trivial one indeed. Officials tell me that that is not done; they cited case after case where a man had been relieved from deportation at the last minute by their own investigation and recommendation, and I give them all credit for their action in that regard. Nevertheless the fact remains that the minister's judgment is almost bound to be swayed by the recommendation, the brief, which is presented to the minister, and that brief is drawn up by an official who has already decided against the man. Can one conceive of a man convicted in a court going to a higher court and having the brief asking for favourable consideration in that higher court prepared by the prosecuting counsel in the lower court? That, I think, is almost a comparable instance.

Therefore really the bill is not demanding a great deal. According to the officials' own viewpoint, I am only as it were legalizing or legitimizing what they say they very often do, but I am making it a matter of right rather than a matter of grace. That is the whole thing so far as I see it as regards those two points, and I think the minister might let the bill go through, or at least consider it, because it cannot do any harm and possibly it might save to Canada a few desirable citizens whom we want, instead of having them deported.

Mr. THOMAS REID (New Westminster): Mr. Speaker, while the bill introduced by the hon. member for Comox-Alberni (Mr. Neill) has considerable merit, it might create a dangerous situation if it were adopted in its present form. It is true that the hon. member who introduced it has talked chiefly with reference to British subjects coming to this country who, because for some reason or another they become destitute within five years, are subject to deportation. But I have in mind a condition of affairs in British Columbia which might very well rise if the bill passed in its present form.

In 1931, when relief became prevalent throughout Canada, many nationals of foreign states applied for assistance in British Columbia. I took the trouble to investigate in Vancouver and other cities as to the nationalities of those applying for relief, and I found that many Japanese citizens were included among those applicants. Their cases were investigated, including the length of time they had been in this country; it was found in 1930 and 1931 that many of those who applied for relief had not been in Canada five years, and they were ordered to be deported. As soon as the Japanese discovered that they were liable to deportation because, having been less than five years in the country, they were applying for relief, they immediately—shall I say—took cover; those who had been less than five years in Canada and were destitute either denied the fact or were kept by their friends until they had lived here five years, and then they applied for relief. It is stated in the explanatory note:

This bill will have the effect of protecting immigrants on relief pending their naturalization.

I can visualize how welcome this bill will be to those from a country like Japan who are living in British Columbia, and who could procure relief which in many instances might be a greater amount than they were receiving by way of wages; the relief money might be a gold mine to them. Owing to the fact that the Japanese can live so cheaply, the relief, meagre as it is to British subjects or to Canadians, would be very acceptable indeed to them, and would be applied for right away.

I realize that there is some merit if one argues along the line of the odd British subject or so who comes into the country with money and for some reason or another loses it shortly after his arrival. I can see how unfair it would be to deport such a person. At the same time I am thinking of conditions in British Columbia. Those of us who would like to see the bars put up against the further entry of orientals, especially Japanese, have a certain point of view, and I can see that if this bill passes in its present form it may be seized upon by nationals from that country who might not be deported, as they were in 1930 and 1931, and as they are still liable to be. To set up a board and then leave it with the board to say whether proceedings for deportation should take place or not might give rise to a racial cry. If no proceedings were taken against subjects from Great Britain, and then proceedings were held against nationals from other countries, I am afraid a serious racial cry would be raised.

I would rather see the act remain as it is even though the odd British subject may have been deported—and there are not many—because if the bill passes in its present form, interpreting it as I have done in the light of the remarks of the hon. member, and from

what I have read of the bill itself, I think it would open the door to people from other countries like Japan, who might take full advantage of the opportunity to go on relief and stay in the country, when as I said at the beginning they would be liable to deportation.

Mr. ANGUS MacINNIS (Vancouver East): I wish to say but a very few words in support of this bill. The hon. member for Comox-Alberni (Mr. Neill) and I have not always agreed on many matters, but I say to him now that the introduction of this bill does credit to his humanitarian instincts. I support the bill for two distinct reasons. In the first place I think this amendment should be given careful and serious consideration; as a matter of fact, it should be accepted, because we should not have on the statute books a provision that merely to become a public charge under the conditions that prevail in the country to-day shall be considered a crime. At least it should not be classed among the other reasons that are set out in the section under which a person may be deported, that he has had to apply for relief. May I, for the benefit of hon. gentlemen, who possibly may not be acquainted with it, read section 40 of chapter 93 of the Revised Statutes of Canada, 1927. That section reads:

> Whenever any person, other than a Canadian citizen or person having Canadian domicile, shall be found an inmate of or connected with the management of a house of prostitution or practising prostitution, or who shall receive, share in, or derive benefit from any part of the earnings of any prostitute or who manages or is employed by, in, or in connection with any house of prostitution or music or dance hall or other place of amusement or resort habitually frequented by prostitutes, or where prostitutes gather, or who in any way assists any prostitute or protects or promises to protect from arrest any prostitute or who shall import or attempt to import any person for the purpose of prostitution or for any other immoral purpose, or who has been convicted of a criminal offence in Canada or who admits the commission prior to landing or entry to Canada, of a crime involving moral turpitude, or has become a professional beggar or a public charge . . .

That is, who loses his job and has to appeal to the authorities for relief. In this section, such a person is classed with the others who are enumerated in the first part of the section. There are a number of other persons mentioned in this section who may be deported, but I do not believe that becoming a public charge, in the sense that a person has to apply for relief, should be considered a cause for deportation in Canada.

I support the amendment also because of the conditions that exist in many parts of Europe to-day. We know there are a great many people who because of race or because of their political opinions find conditions in their own country intolerable. For instance, we know that in Germany people of the Jewish race are persecuted and driven out of the country; but there is another class of people in Germany who are persecuted, and who as a matter of fact are in a worse position than the Jews because they cannot leave the country. I refer to the Social Democrats. The Jew can make his case known, and if it is known that he is a Jew every effort is made to get rid of him; but the Social Democrat cannot admit that he is a Social Democrat because he would be immediately subjected to persecution. Because of that fact, he cannot make application to leave the country. So he has not the opportunity to leave.

There are people in Canada who have been here three or four or five years and who may be socialists in their political opinions. If we deport such people because they have become public charges, in the sense that they have applied for relief, we are sending them back, as the hon. member says, to certain death or at any rate to spend the rest of their lives in concentration camps.

For these reasons I submit that the amendment should be accepted. I do not agree with the position taken by the hon. member for New Westminster (Mr. Reid). We allow people to come into Canada, and to me it makes no difference whether they are white, yellow, black or brown, we should not discriminate against them. They have been allowed to come in under the laws of Canada, and while here, through their productive efforts, they have added to the wealth of the country. We should not in any way discriminate against such people because their skins may be yellow and their eyes slanted. We shall have to raise our moral concepts a little higher than that and get away from some of our racial prejudices if we are to hold our place in a world that can be called civilized.

I hope that the government will consider this amendment favourably and take the necessary steps to make it law.

Hon. T. A. CRERAR (Minister of Mines and Resources): The amendment proposed by the hon. member for Comox-Alberni (Mr. Neill) is an important one. In the operation of the act abuses such as those to which the hon. member has referred might creep in. I do not say there is not the possibility of abuse or perhaps of injustice being done. But as far as my observation has gone in the administration of the Immigration Act since I have had

any responsibility for it, I do not think that has happened. The hon. member for Vancouver East (Mr. MacInnis) referred to section 40 of the act, which sets out a number of offences which might lead to an inquiry and deportation. Among those is the offence, if such it may be called, of becoming a public charge. That section provides that:

. . . it shall be the duty of any officer cognizant thereof, and the duty of the clerk, secretary or other official of any municipality in Canada wherein such person may be, to forthwith send a written complaint thereof to the minister, giving full particulars.

In other words, some individual who has been in the country less than five years and has not acquired domiciliary rights in Canada may be on relief. Under the act the duty is imposed on the secretary of the municipality in which he lives to notify the minister to that effect. Then section 42 contains this provision:

Upon receiving a complaint from any officer, or from any clerk or secretary or other official of a municipality against any person alleged to belong to any prohibited or undesirable class—

That is, for instance, one who may have been on relief.

—the minister, the deputy minister, the director or the commissioner of immigration may—

Not shall.

—order such person to be taken into custody and detained at an immigrant station for examination and an investigation of the facts alleged in the said complaint to be made by a board of inquiry or by an officer acting as such.

The procedure I think is fairly clear up to that point. It is the duty of the official of the municipality to report to the minister that the person is on relief. The minister or the other officials designated in section 42 may order an inquiry or may not. As a matter of fact, I think the inquiry is usually ordered.

Mr. NEILL: Always.

Mr. CRERAR: Well, I would not say always, but usually it is. The inquiry is then held and all the facts ascertained. And the board of inquiry may order deportation. That does not mean deportation forthwith. The person who is—shall I say—accused has the right of appeal direct to the minister. Under the law the board of inquiry must advise the man of that right.

Mr. NEILL: Will the minister excuse me? He says it does not mean deportation forthwith, but the very wording of the section says "he shall be deported forthwith."

Mr. CRERAR: That may be correct, but I am speaking of the practice—

[Mr. Crerar.]

Mr. NEILL: But that is the law.

Mr. CRERAR:—and in any event his appeal must be considered by the minister before deportation can take place. As a matter of fact, the report of the board of inquiry is sent to the superintendent of immigration for the district concerned. It then comes to the immigration branch, is examined by officers of the department and in the final analysis must come to the minister, and the law imposes upon the minister the duty of dealing personally with these appeals. One of the matters I have to deal with almost every day in my ordinary conduct of the business of the department is these appeals. Deportation is not always ordered. Often the officials of the department say, "Deportation is not justified in this case." I recall cases where the officials—I am speaking now of the senior officials in the department—have recommended deportation—sometimes they make no recommendation—and I have not accepted their recommendation because on examination of the evidence I did not think deportation warranted. I quite admit the position of the hon. member for Comox-Alberni that the law as it stands may impose a hardship upon a person who is charged with being on relief. But I say that since I have had anything to do with this matter—I speak only of my own observation—that is pretty effectively guarded against at the present time.

The proposed amendment suggests further that such a person who may otherwise be subject to deportation, if he makes representations to the board of inquiry that deportation would be likely to place him in a position where he would suffer trial and punishment, or punishment without trial, in the country to which he would be deported, can claim the right to have this taken into account by the board of inquiry. The amendment would impose upon the board of inquiry the necessity of conducting an investigation into such an allegation.

Mr. NEILL: No, merely to listen to the man.

Mr. CRERAR: No. Let me read the governing clause:

Provided however, the board may report against the deportation of such person where the sole complaint against such person is that he has become a public charge, or where the board of inquiry, in addition to an investigation of such complaint, has inquired into and investigated, which it is hereby empowered to do, any representations made by such person to the effect that were he deported he would be liable to suffer trial and punishment or punishment without trial in the country to which he would be deported. . . .

Mr. NEILL: They investigate the representations.

Mr. CRERAR: Precisely. What does that mean? A person who comes before a board of inquiry on the ground that he has become a public charge says, "I do not want to be deported because if I am sent back to Germany or Austria or Russia or some other country I shall be sent to a concentration camp or tried for some offence and my life may be endangered." Under this provision, as I read it, it would be necessary to have such a complaint or assertion inquired into and investigated before deportation could take place. That would impose upon the board of inquiry a duty which I do not think it would be practicable for it to discharge. Consequently I think it would make the administration of the law in that regard very difficult.

I quite admit the contention of my hon. friend that occasion may arise of hardship of the kind described being imposed upon some individual by a deportation order. But while that may arise, I can say to the house quite frankly that I do not think it has resulted in any of the cases that have come to my attention. Let me make it clear, Mr. Speaker, that I am not speaking of any previous administration, because I do not know anything about any other administration. I do say, however, of my own knowledge that when deportation orders have been issued there have been occasions when the board issuing the order has recommended that it should not be put into effect. There have been cases in which the officers more immediately on the spot have made such recommendations; there have been occasions when, after these matters came to the notice of the senior officials of the department, as in due course they must, they have made such recommendations and, when none of these things happened, there have been cases that have come to me in which I have allowed the appeal.

Under those conditions I think I should say to the house that the administration of this act at the present time is carefully guarded to avoid inflicting upon any person charged with being on relief the penalties theoretically provided by the law. I may say further that I considered bringing in some other amendments to the act, because some clarification is required in one or two respects in connection with this matter of deportation so far as provincial laws are concerned; but it was decided to let the matter stand over until next year, when it is the intention of the department to bring in some amendments to the act. I do not know how far my hon. friend wishes to press his amendment. I believe in its present form it would be difficult to accept, because I am afraid that any complaints which might be made by a person to the effect that he would suffer serious penalty if deported could not usually be investigated. So I would suggest to my hon. friend, and I would be glad to have him give the matter consideration, that the point in his amendment that I believe has some merit might well stand over until another session when, if I have anything to do with the administration of the department, I shall be glad to see that it is included in the amendments submitted.

Mr. WOODSWORTH: Just before the minister takes his seat, would he explain how this amendment would embarrass departmental administration if it were passed?

Mr. CRERAR: I have exhausted my right to speak; but if I may reply to the hon. gentleman, the provision here, which I mentioned a moment ago, would be a very difficult and indeed impossible matter of administration. The hon. member for Comox-Alberni may not agree with me, but let us suppose we have before a board of inquiry a person charged with having become a public charge. That board must examine into his case. If they find he has become a public charge he may say, "Oh, I don't want to be deported. If I am sent back to Germany or Austria I will be punished; I will be sent to a concentration camp; my life may be in danger." Then it becomes the duty of the board to inquire into and investigate that statement. How could a board sitting in Winnipeg, for example, investigate his record in Germany or Austria in order to find out whether or not he was telling the truth?

Mr. WOODSWORTH: Why not?

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, the minister has dealt very fairly with the arguments I have put forward, and not in a partisan or one-sided manner. For instance, he admitted quite frankly that the act distinctly says that if the board of inquiry finds certain facts to be true the man shall be deported forthwith. That is one of the things to which I object. The minister made a point when he said my bill possibly would require a board of inquiry to investigate at great length, perhaps in foreign countries, the representation of the man concerned that he was in danger of losing his liberty or his life. That provision could have been amended very easily in committee. All I wanted was to have the board listen to the man and pay attention if he proved his point beyond question.

Then the minister admitted quite frankly that under the present act hardships may result, and after all the purpose of my bill was to prevent such hardships. As the hon. member for Winnipeg North Centre (Mr. Woodsworth) has said, I do not see that any great harm or embarrassment would arise from the adoption of this bill. Nevertheless the hon. gentleman, as a minister of the crown, has indicated that he is not willing to allow the bill to go through, but that he is willing to give these points consideration in amending the act next year. So on the principle that half a loaf is better than no bread I would suggest to my hon. friends to my left that it is always better to take what you can get and keep on advancing than to be totally turned down.

Before asking permission to withdraw my motion, I should like to say a word with regard to the argument put forward by the hon. member for New Westminster (Mr. Reid). It was unfortunate and, I think, wholly unnecessary that the racial cry in regard to Japanese should have been introduced into a discussion of this kind. It serves no good purpose; it is utterly and entirely remote from the purpose of the bill, which is intended to apply to Canada as a whole. The hon. member spoke of the large number of Japanese who were asking to go on relief and said that if my bill did not pass they could be deported. There is nothing under high heaven in my bill that would save them all from being deported under those circumstances; surely the hon. member must be aware of that. Then the hon. member spoke of opening the door. He must know that by no possible twist of reasoning or construction could it be said that my bill proposed opening the door to Japanese immigration. I notice that he took the opportunity to advertise to the house, and I assume for home consumption, his high desire that there should be no further immigration of orientals into British Columbia. That comes with singularly bad taste, Mr. Speaker, from an hon. member who is on record in the pages of *Hansard* of last year as voting against a bill which was carefully designed to prevent the immigration of Japanese.

In the circumstances, Mr. Speaker, I would ask the consent of the house and of my seconder to withdraw the motion for second reading.

Mr. REID: On a question of privilege, Mr. Speaker, I want to make a denial. I did vote against one bill, but I voted in favour of the bill that was introduced by the hon. member to exclude Japanese from the province of British Columbia.

[Mr. Neill.]

Mr. NEILL: In other words, the rooster went behind the barn on the second occasion.

Motion (Mr. Neill) withdrawn.

FISHERIES ACT

BEAM TRAWLING—AMENDMENT RESPECTING VESSELS TO BE REGISTERED AND BUILT IN CANADA

Mr. J. J. KINLEY (Queens-Lunenburg) moved the second reading of Bill No. 37, to amend the Fisheries Act, 1932.

He said: Mr. Speaker, this bill purports to make a short amendment to subsection 2 of section 56 of the Fisheries Act, 1932. Under section 56 it is provided that every person shall be guilty of an offence and shall incur a penalty who attempts to fish or to cause any other person to fish with otter trawls or similar equipment, except under licence from the minister, and in order to qualify for such licence at the present time such vessel must be registered as a British ship in Canada and be owned by a Canadian. The present amendment would change this qualification to read "unless such vessel has been built in Canada and is registered as a British ship in Canada and is owned by a Canadian."

The bill does not decide the question of the merits whereby a licence is granted, but it does make a difference in what vessels can apply for a licence to the further extent that they must be built in Canada.

Mr. Speaker, it is nearly nine o'clock, and I should like to see the bill receive consideration and perhaps go to a committee. I know the minister from Nova Scotia is interested in it, and it may be that he would want to make an announcement to the effect that we could send the bill to a committee. Perhaps that would be the best thing to do, because it is a matter of detail. I suggest the bill is important and a matter worthy of the consideration of the house, especially of the fisheries committee. Therefore, as the hour has almost expired I shall not say anything further at this stage, but will, in order to advance the bill to-night, ask that it be sent to the fisheries committee.

Mr. R. E. FINN (Halifax): Mr. Speaker, the hon. member for Queens-Lunenburg (Mr. Kinley) has introduced the bill and made a few remarks in reference to it. There is grave doubt in my mind as to whether the bill will accomplish the object intended. I suggest that the bill is not really intended for the purpose of stopping the trawlers. The bill provides that unless a trawler is built in Canada and has British registry it shall not be permitted to bring fish into any Canadian port.

Mr. KINLEY: May I explain. It does not affect the merits whereby a vessel shall get a licence. It only says that in order to qualify, before she can even apply for a licence she must be built in Canada.

Mr. FINN: I agree with the hon. member for Queens-Lunenburg—"before she can apply for a licence" and have the right to bring fish into a Canadian port, she must be built in Canada. But in the bill as it stands there is nothing to prevent any Nova Scotian—the National Fish Company, which is a monopoly —building vessels in Nova Scotia, as they are doing, putting them under British registry and, ipso facto, they become and have the right to become trawlers under order in council. I do not think the bill should be hastened so quickly into committee. I say it should remain in this house until the Minister of Fisheries (Mr. Michaud) is here. This is the place to discuss the bill in detail, because it is of absolute importance to the hook-and-line fishermen of Nova Scotia that it be discussed in the house fully and then go to committee.

I was surprised last night, in conversation with the Minister of Fisheries, a conversation which was not private, when he told me that he believed the day of the hook-and-line fisherman of Nova Scotia was gone. I do not agree with the minister. If he is correct, their livelihood is gone.

As I am not on the fisheries committee I shall continue the debate until nine o'clock, and then move the adjournment, so that the matter may remain in the house where every hon. member who so desires may discuss the merits of it on the return of the minister.

Last year three trawler licences were issued from April 1 for one year, whereas before they had been for three years. Now there are five, I believe, to be applied for. An organization known as General Sea Foods, a United States company, with head offices in the city of New York and subsidiary offices in Boston is applying for two licences. This company is occupying space at the Halifax terminal. They have taken all their books and all information which would denote how much they make, away from the Halifax office, and no person in Nova Scotia or under the provincial act can find out anything about the amount of business the corporation does.

I say that condition is not fair to the fishermen of Nova Scotia. Only to-night I was reading where a small motor-boat had gone out from Yarmouth; and had it not been for one of the government boats tied up there that went to the assistance of that motor-boat which, even with anchor down, was, on account of the gale, heading towards the reefs, the lives of those fishermen would have been lost. If the fishermen along the coasts of Nova Scotia attend to their work, even unto death, in order to make a living, then I say we cannot trifle with their means of livelihood, and hand over to commercial interests privileges which are in the nature of a combination.

NATIONAL DEFENCE

CREATION OF DEFENCE PURCHASING BOARD TO ENTER INTO CONTRACTS FOR MUNITIONS, EQUIPMENT, MATERIALS AND SUPPLIES

The house resumed consideration in committee of Bill No. 38, to establish a defence purchasing board—Mr. Mackenzie (Vancouver)—Mr. Sanderson in the chair.

On section 2, paragraph (b)—"contract."

Mr. ROSS (St. Paul's): We have here that the bill deals only with contracts in excess of $5,000. What is to prevent one firm or one person from having twenty contracts of $5,000 or less each? Under those circumstances he would not come under the measure. I would suggest the paragraph might be amended by adding the words "or having more than one contract aggregating the amount of $5,000 or more," or words to that effect. It is easy to see that many contracts would not come under the board at all.

Mr. MACKENZIE (Vancouver): The principle involved here is the same as obtains in the Department of Public Works, where there is a rule that the department must call for tenders on contracts over $5,000. That is the same principle that is being followed in this legislation. I suggest the public interest is fairly well safeguarded by the provisions as they appear in the legislation.

Mr. BROWN: What amount of last year's appropriations was expended on contracts under $5,000?

Mr. MACKENZIE (Vancouver): I would have to ascertain that later; I have not it before me at the moment.

Mr. ROSS (St. Paul's): There may be a principle involved that operates, but there is nothing in the bill, is there, to take care of that $5,000 or under?

Mr. MANION: Before the minister rises, I wish in a general way to support the remarks of my hon. friend, so far as the prin-

ciple is concerned. I believe that the $5,000 limit so far as these contracts are concerned is the proper idea, but I have been informed by contractors themselves, by one of them quite recently, that in some departments of government—I am not suggesting this department—the very policy which the hon. member has just mentioned is carried out; that is, contractors are given contracts for under $5,000, and that is repeated so that they do not reach the stage of calling for tenders. I do not know just how this could be corrected, but I believe the minister is sincere in wanting to have this properly done. I give him credit for that, and I should like to see some clause inserted so that no individual contractor would be able to get a series of contracts under $5,000 without tenders being called for.

Mr. MACKENZIE (Vancouver): I am inclined to agree with the suggestion of my hon. friends. Although the $5,000 limit is here, there is nothing in the legislation to prevent the purchasing board itself from dealing with contracts under $5,000. Under the legislation they have the exclusive right of dealing with contracts over $5,000, but they are not prevented from dealing with contracts under $5,000. The main idea was not to clutter up the work of the board with numerous contracts of small amounts. But the suggestion that has been made by my hon. friends is worthy of consideration, and I shall be glad to look into it.

Mr. HOMUTH: Further on, this same clause says:

> . . . provided that the foregoing definition shall not extend to any defence equipment, manufactured in an arsenal or factory owned and/or operated by the government of Canada or to projects carried out by persons in the employ of His Majesty the King in right of Canada.

I have in mind, for instance, the Montreal Construction Company, which is operating with government machinery.

The CHAIRMAN: I would point out to the hon. member for Waterloo South (Mr. Homuth) that he is dealing with clause 3.

Mr. HOMUTH: No. Mr. Chairman, I am dealing wtih section 2.

The CHAIRMAN: We are on paragraph (b) of section 2.

Mr. HOMUTH: That is what I am speaking to. The Montreal Construction Company might be classed as a company that is operated by the government in view of the fact that its machinery is government owned and the government advances everything in connection with the operation of the plant. It is just a question whether contracts could be given to such a firm without the sanction of this board.

[Mr. Manion.]

Mr. MACKENZIE (Vancouver): There is no question whatsoever that if a contract such as that given to the Montreal Construction Company is contemplated in the future, it would definitely come under this legislation with reference to the control of profits. This proviso refers only to arsenals owned by the government.

Mr. HEAPS: Who will have control of contracts under $5,000?

Mr. MACKENZIE (Vancouver): The Department of National Defence under this legislation, but there is nothing in it to prevent the purchasing board, if it so desires, from dealing with all contracts. It is purely a question of the most efficient management. The board might possibly be overworked if they had to deal with all contracts. A parallel case would be the practice in the Department of Public Works where contracts over $5,000 must be submitted to public tender.

Mr. HEAPS: Is it the present intention of the minister to allow his department to have in its own jurisdiction the control of contracts under $5,000?

Mr. MACKENZIE (Vancouver): That is the intention of the legislation which is now before the house.

Mr. BAKER: I think it is fair to say that all contracts should be under the control of this board. It is easy to give ten or twenty contracts of $4,800, something just under $5,000. I would rather see all contracts under the board.

Mr. MACKENZIE (Vancouver): While I am prepared to give every consideration to the views of this committee as expressed, I think perhaps we had better leave it to the experience of the board in the working out of the legislation, because it might be overloading the board to give them control of every small contract, say for one or two hundred dollars.

Mr. MANION: I suggest this in that regard. Apparently it is the unanimous opinion that some control should be exercised over contracts under $5,000. I quite agree with the minister that we do not wish the board to be cluttered up with a great many one hundred dollar purchases, but perhaps a clause could be framed whereby all contracts should be at least submitted to the board, so that they would be aware of what was being done and would have to pass upon them at any rate. I should like to see such a clause inserted.

Mr. MACKENZIE (Vancouver): That all contracts should be referred to the board?

Mr. MANION: Yes, and that they should have to pass upon them, if you like. They might not have to do the actual letting of the contracts, but they could pass upon them. Suppose some successor of my hon. friend were not so high-minded as he and decided to hand over to some individual contractor a number of contracts under $5,000 over a a period of time. If the board were made aware of what was going on, it could refuse to pass upon them. I do not think it would be difficult to draft a clause to cover that point. I do not think it is necessary for the board to pass upon every small purchase. Perhaps a limit of $1,000 could be imposed, that all contracts of that amount must be submitted to the board for them to initial, so that they would be aware of everything that was going on within the department.

Mr. MACKENZIE (Vancouver): I am anxious not to load up the board with so much work that its really vital function will be retarded. While I appreciate very much the suggestions that have been made, I think it should be left to the working out of the legislation, but I can assure my hon. friend that as long as I am in the department the points he has mentioned will be taken good care of.

Mr. HEAPS: When this new board is set up, this whole question will depend upon the permanent officials?

Mr. MACKENZIE (Vancouver): Yes.

Mr. HEAPS: A good deal of purchasing is done by contract and a good deal by requisition, and I think there should be a distinct cleavage between orders by requisition and orders by contracts. The department may, by ordinary requisition, order something costing over $5,000, and there may be no need for a contract. That must happen on many occasions where work is done upon requisition, without any contract, by the ordinary officials of the department. But where contracts have to be entered into, small contracts may often lead to larger ones, so I think contracts should be left to the body designated by this bill. It should have the power to award contracts, and requisitions could be made in the ordinary way by officials of the department.

Mr. DOUGLAS (Weyburn): Referring again to the phrase:

. . . provided that the foregoing definition shall not extend to any defence equipment, manufactured in an arsenal or factory owned and/or operated by the government of Canada.

I am interested in that, in view of the statement made by the Prime Minister this afternoon that the government was not contemplating giving a monopoly of manufacture either to government arsenals or private manufacturers. I wonder if the minister could give us some idea of what weapons and what equipment are being manufactured in the arsenals compared with the equipment which is being manufactured by private corporations, and about what amount of money has been expended in the one compared with the other over, let us say, the last three years.

Mr. MACKENZIE (Vancouver): Expenditures in government arsenals in 1936-37, 1937-38 and 1938-39 to date were $6,025,469. That includes the dominion arsenal at Quebec, the dominion arsenal at Valcartier, the dominion arsenal at Lindsay, the repair shops at Esquimalt dockyard, the Esquimalt armament supply depot, the repair shops at Halifax dockyard, the armament supply depot at Halifax, and some stations and depots under the Royal Canadian Air Force.

Mr. DOUGLAS (Weyburn): Are those the orders given to these public arsenals?

Mr. MACKENZIE (Vancouver): It is the amount spent for government purposes in government-owned arsenals in various parts of Canada. The amounts by years are as follow:

Year	Amount
1936-37	$1,560,000
1937-38	2,867,000
1938-39 to date	1,597,000

That includes production and the purchase of machinery. I have not the actual amounts for machinery broken up. I was not able to get that except as part of the other expenditures.

Mr. DOUGLAS (Weyburn): I do not think I made myself clear. What I wanted was this. It was pointed out this afternoon that some of the government's equipment will be made by private companies; some of it on the other hand will be made by government arsenals. I was wondering what munitions, guns and equipment over the last three years have been made in government arsenals, and on the other hand how much has been spent on orders or contracts to private corporations. How would they be related, and what material would be made in each case?

Mr. MACKENZIE (Vancouver): In government arsenals production has been practically all of small arms ammunition, with 4·5 and 18-pounder shells to a limited extent, but up to the capacity of the production at the present time in regard to both.

Mr. DOUGLAS (Weyburn): How much money would that represent?

Mr. MACKENZIE (Vancouver): As I said the other day in the house, it used to be a matter of departmental policy to reserve Lindsay as an arsenal for small arms munitions. But with the very much increased production of small arms ammunition in Quebec arsenal in the last few years, as a matter of policy it will now be quite possible not to reserve Lindsay arsenal for the purpose for which it used to be reserved. With regard to machinery in private plants, just two plants were mentioned in the debate in the house. The total machinery in the Montreal plant is of the value of about $235,000; in the other, I am told, it is $844,000. That is paid for as to two-thirds by the Canadian government and one-third by the British government, and is entirely owned by the Canadian government.

Mr. CLEAVER: This afternoon, when this matter was under discussion, the hon. member for Weyburn made these statements:

> We are playing our part as a government and a people in helping to finance and support an armament ring who . . . constitute a serious menace to the peace and good government of the world. . . . Since the war it has been known that these armament racketeers . . . have fostered suspicion and distrust. . . . In my opinion nothing could be more serious . . . than to become a link in the international armament chain, and that is what we are rapidly becoming. . . . Here is the National Steel Car Corporation of Hamilton, Ontario, with at least twenty batches of exports.

The CHAIRMAN: Order. The hon. member for Halton, is, I think, out of order. He is repeating something which was discussed this afternoon. We are now on the bill, paragraph (b) of section 2.

Mr. CLEAVER: I am speaking to the word "contract" in section 2, paragraph (b) of the bill. I again ask the hon. gentleman to withdraw that statement. There are many employees of the National Steel Car company living in my riding.

Some hon. MEMBERS: Order.

The CHAIRMAN: The hon. member is definitely out of order.

Mr. MANION: Mr. Chairman, I do not like to oppose the minister in this regard. I believe that he is doing this in good faith. At the same time I am strongly of the opinion that that figure of $5,000 is too high, and I am going to move an amendment:

> That the word "five" in the twentieth line be deleted and the word "one" substituted therefor.

[Mr. McKenzie.]

Before I sit down may I say that I appreciate the attitude the minister has taken that he does not wish to have this purchasing board cluttered up with small contracts. The purchasing board can easily protect itself in that regard by proper organization, through which it can be arranged that the smaller contracts will be merely glanced over by them, and one of their officials associated with the department will be able to check up with them. My opinion is that the figure should be "one," or if the minister prefers it, that all contracts should be submitted, as I suggested earlier in my remarks. But I think the simplest way is to make it $1,000 instead of $5,000, because then the department will be able to make small purchases without cluttering up the machinery of the purchasing commission.

Mr. POWER: I think the $5,000 limit was arrived at largely by analogy to other matters. As my hon. friend knows, under the Public Works Act any contract of over $5,000 is subject to the procedure of calling for public tender. Under regulation of, if I am not mistaken, the treasury board the same thing applies, that all contracts of over $5,000 must be submitted to council. But that is because $5,000 is considered to be a fairly reasonable amount.

Perhaps if we went to the genesis of the legislation we would conclude that it arises out of the desire of the minister and the government and the house generally to avoid any criticism of what are known as munition contracts. I do not suppose anybody in the house desires that the ordinary administration of the department should be in any way interfered with. The objections are with respect to munition contracts. I can hardly conceive of any objectionable munition contract which would be under $5,000. What is in the mind of the public at this time and in the minds, I think, of all of us, is to prevent what is called war profiteering, profiteering in blood. We have heard it often enough on the hustings and in this house. It seems to me that the bill goes pretty far when it states that this board, which, after all, is a board to deal with munition contracts, shall have full power and authority to inquire into these. Heaven knows, it will have work enough. Does any hon. member suggest that a contract for clearing snow at the citadel at Halifax or at Quebec, the sort of contract which is called for in the ordinary course of business of the department, and represents under $5,000, probably $1,500 or $1,300 for the whole winter, should be submitted to the special board? It is dealt with without even going to council; no order in council is called for in these cases.

An hon. MEMBER: Such contracts would not come under the act, anyway.

Mr. POWER: Contracts for conservancy, contracts of all kinds that are just the ordinary necessary part of the business—"requisitions," the hon. member for Winnipeg North called them—are contracts for which tenders are asked in every case. I do not think anybody would contend that this board should have to deal with that kind of thing.

Mr. MANION: I do not argue that this board will deal with that, and I do not think, if the clause is changed from $5,000 to $1,000, the board will do any such thing. For example, when the board is told that there is a piece of work necessary—to use the example cited by the Minister of Pensions and National Health, clearing the snow at Halifax—once it is explained to the board that that is the purpose of the contract the board can dispose of it just as rapidly as the department could. It is merely a safeguard. I was informed this very day by a big contractor that in some departments of the government—and I am not blaming this government particularly, perhaps, more than past governments—by keeping contracts down below $5,000 large amounts of work are given to favoured contractors. I am told that by a contractor who has had very big dealings with governments. In view of that, and in view of the desire not only of the house but of the country to have these contracts above suspicion in every way, I make that suggestion.

I have enough respect for the board which the government will appoint to believe that by a proper type of organization they can easily handle such matters as the Minister of Pensions and National Health refers to, in regard to snow clearing contracts and matters of that kind. Once the explanation is made by the liaison officer, whoever he may be, between the department and the purchasing board, it is not necessary for the purchasing board to demand that there be a contract. They know the routine contracts as well as the minister will know them, and once the facts are disclosed the purchasing board will show its own common sense by dealing with them just as they are dealt with now, so long as they are handled in a fair and proper manner.

I do not wish to be captious or unfair in my criticism, but I suggest that the minister would be well advised to accept the amendment or to put the matter in some other way. I am not holding out for the amendment, although I will hold out unless something is offered in its place. If a clause is inserted providing that all contracts shall be submitted to the board for its approval, in a more or less formal way, that will satisfy me; otherwise, unless something else is offered by way of substitution, I shall have to stand by the amendment.

Mr. MACKENZIE (Vancouver): I would refer my hon. friend to section 4. If $1,000 were substituted for $5,000, the board would have exclusive power and the department would have no power.

Mr. MACKENZIE KING: The other day when this subject came up in another connection, the hon. member for St. Lawrence-St. George (Mr. Cahan), if I remember rightly, expressed the hope that when the defence purchasing bill came before the house, no effort would be made to have any transfer from the Department of National Defence to the finance department. He said that a move of the kind would be in the nature of a departure from the principle of ministerial responsibility. I do not agree with that view. I do not think there is any departure from responsible government in having financial matters referred to a treasury board, but I do think there is something still owing to ministers of the crown, who are heads of different departments, that they should all to as great an extent as possible be treated alike with respect to the administration of the affairs of their several departments. I would certainly look upon a request to transfer every contract, no matter how small the amount might be, over $100 and up to the figure named here, from the Department of National Defence to the Department of Finance, for examination, as a distinct reflection upon the Minister of National Defence compared with his colleagues. For that reason, anxious as I am to see this legislation made as tight as it possibly can be to effect the purpose aimed at, I would not be prepared to support an amendment which would have the effect I have mentioned.

I believe the present Minister of National Defence (Mr. Mackenzie) is quite as capable of seeing that all contracts in his department are just as honourably awarded, and business in that department as well carried out, as other ministers of the crown are with respect to their departments. Under the statute mentioned by the Minister of Pensions and National Health there is a provision that wherever contracts are in excess of $5,000, public tenders must be called for. The amount of $5,000 was fixed in this particular legislation with that precedent in mind, and I think it is a pretty fair basis to go on. I do submit that this legislation is a departure, going a long way in a new direction, and the effort

we are making in the matter would, I believe, only be impeded in the long run if at this stage we tried to go further along the road of change than we are going in the bill which is now before us. I am sure the leader of the opposition has the same purpose we have in seeking to make this measure as acceptable as possible to the public; but having had a good deal to do with the administration of large departments, he knows that there are many matters that do not appear on the face of things when legislation is being put through, which come to play an important part later on in administration. If after this measure is on the statutes and its efficacy tested it is found that there is some special reason why contracts of a smaller amount should go before the board, that will be time enough to consider the question; but for the present we are, I believe, going far enough if we retain the figure now proposed.

Mr. HOMUTH: I cannot see the logic of the Prime Minister's argument. To make the change from $5,000 to $1,000 is no reflection on the minister. If there is any reflection at all on the minister it is the fact that the larger contracts will be dealt with by the Department of Finance, and that is provided for in the bill. Some of the suggestions made by the Minister of Pensions and National Health would not come under this bill at all. This bill has to do with the purchase of munitions and supplies; it has nothing to do with shoveling snow or doing work of that sort. I think we can very well make the change from $5,000 to $1,000.

Mr. BROOKS: It does not seem to me that there is any provision for the purchasing of machinery for the equipment of factories. The government has already spent large sums of money for equipping arsenals and for assisting in the equipment of other factories, and it will need to expend large sums in the future. Looking over the section I do not find that the money expended for this equipment is included in the definition here. Is the purchase of machinery for the equipment of factories included?

Mr. MACKENZIE (Vancouver): For future purposes, yes; any equipment above $5,000.

Mr. MacNICOL: Paragraph (ii) of (b) refers to the construction, erection, repair, improvement or extension for the department of buildings, and so on. Had this law been in effect at the time the contract was let for the operations in the Inglis plant or in the plant in Montreal, would contracts for the alteration of those plants have been handled by this board, had the board been functioning then?

[Mr. Mackenzie King.]

Mr. MACKENZIE (Vancouver): Yes.

Mr. BROOKS: I understood the minister to say that equipment for factories is included. Where do we find that in this section?

Mr. MACKENZIE (Vancouver): In (b) (i):

> the purchase for the department of any armaments, munitions, military, naval or air force stores, ships, aircraft, or any other equipment. . . .

Mr. BROOKS: That seems hardly broad enough.

Mr. MANION: May I say just a few words in reply to the Prime Minister. I am not in any way reflecting on the minister, and I have no intention of doing so, but I do not agree with the right hon. gentleman that this is the same as every other department. I am open to correction, but I am not quite sure that the figure in regard to all other departments is $5,000.

Mr. POWER: I have not checked on it, but so far as calling for public tenders for construction of public works is concerned, I am sure that is the figure.

Mr. MANION: I am wondering. I was trying to throw my mind back to the Department of Railways and Canals which let contracts amounting to many millions in the few years I was there. I think the limit was $2,500, not $5,000, but I am not certain.

Mr. POWER: There is this distinction to be made, that under the Public Works Act tenders must be called for if the amount of the contract exceeds $5,000. What I am not quite sure but almost sure of is that all contracts amounting to over $5,000 in any department must go before council. Under that amount they need not.

Mr. MANION: I thought it was $2,500 in the Department of Railways and Canals, but I am subject to correction. At any rate I repeat that this is not quite the same as other departments. There is no demand from anyone in this country as far as I know that the ordinary departments of government, whether Public Works or Agriculture or Trade and Commerce, should have a board appointed to look after their contracts. But there is an insistent demand that the purchase of munitions and war materials should be handled in a different manner.

Mr. FACTOR: Substantial orders.

Mr. MANION: Yes, it is substantial orders of which I am thinking. The minister said that nobody could make a very large amount of money out of a contract for $5,000. But repeated contracts for amounts just under

$5,000 given to friends might mean a great deal of profit. I am not suggesting that this department would attempt to do that, but I know no reason why the department should not be glad to put this legislation into such shape that no one could have any ground for making such an accusation. There was a suggestion that the requirement should apply to all contracts. I realize that small purchases of supplies for the department, up to, say $1,000, might well be left out. But I do not think a purchasing board would find any difficulty in so organizing itself that it could deal with these smaller contracts in a way that would not interfere with the efficiency of the department, but would give assurance to the people in regard to purchases of munitions at any rate, whether by this government or the next—because this legislation will go on when our government comes in next year, so I want to get it in good shape.

Mr. POWER: They may get a better man as chairman.

Mr. MANION: Well my hon. friend will be in the senate by that time. He is one who, I hear, is ready to desert the sinking ship.

Mr. POWER: "They won't kill me, James, to make you king."

Mr. MANION: I should like, however, to see the legislation in good shape. I do not see any reason why the government should object to lowering that figure to $1,000. I have not heard any argument that makes me think it should not be lowered, so as far as I am concerned it stands.

Mr. ROSS (St. Paul's): In this connection the paragraph reads:

. . . provided that the foregoing definition shall not extend to any defence equipment, manufactured in an arsenal or factory owned and/or operated by the government of Canada, or to projects carried out by persons in the employ of His Majesty the King in right of Canada.

My hon. leader, speaking to-day on the resolution, pointed out that he did not think this bill went far enough; that the board's advice should be available to the defence council with respect to the manufacture of munitions by the government. Why deprive the Department of National Defence of the advice of this board in connection with any projects they intend to carry out themselves? Why not let them have something to do with it?

Mr. MACKENZIE (Vancouver): Government arsenals are supervised by government officials, and we could not purchase from ourselves. That is why the operations of the purchasing board would not extend to government arsenals.

Mr. ROSS (St. Paul's): That answers one part, but the paragraph also includes "projects carried out by persons in the employ of his majesty," such, for instance, as fortifications of one kind and another. Surely the advice of these business men would be of value to the department in carrying out such projects. Why exclude them? Everything possible should be done to satisfy the public mind.

Mr. HEAPS: To what department of the government will this defence purchasing board be directly responsible?

Mr. MACKENZIE (Vancouver): To the Minister of Finance, who brings the recommendations of the board before the governor in council.

Mr. HEAPS: They will not be under the direct jurisdiction of the Department of National Defence?

Mr. MACKENZIE (Vancouver): No, in no way at all, except that the requisitions go from the department to the purchasing board, and they have certain powers by way of getting information and cooperating with some of the officials of the Department of National Defence in regard to requirements.

Mr. HEAPS: I wonder whether that is an altogether desirable arrangement. Here we are going to have two departments purchasing supplies for the Department of National Defence. Duplication of that kind should be avoided. I could see that a reduction of the amount from $5,000 to $1,000 might make difficulties for the Department of National Defence. I am inclined to think even the $5,000 will make some difficulty. I think there should be some direct contact between the Department of National Defence and the proposed board. Would it not be desirable for the purchasing board to come under the Department of National Defence and then report to the Department of Finance? As it is now, we are setting up a new department probably in competition with the Department of National Defence.

Mr. MACKENZIE (Vancouver): As I pointed out the other day in speaking on the resolution, in the organizations that we had in this country in 1915 and 1918, in one case the board reported to the Prime Minister and in the other to the Minister of Finance. The whole idea is to make it responsible to the treasury, following the well established practice in Great Britain where the treasury scrutinizes contracts of this kind. I think it is in the interests of the Department of

National Defence to have it in this way, because it will do away with a great deal of criticism and allow the officials of the department to concentrate on the work of organizing our defence forces.

Mr. HEAPS: When the proposed board is set up, is it the intention that any of the expert officials of the Department of National Defence shall, so to speak, go to the finance department?

Mr. MACKENZIE (Vancouver): No, but I can imagine that a few who have been doing this work would be seconded for duty under the jurisdiction of the new purchasing board.

Mr. DOUGLAS (Weyburn): I was trying to get the relative production of the government arsenals compared with that of private contractors. I shall not labour that point, but does the government propose to extend the field of operation of government-owned plants beyond what they are now doing? I understood from the minister that now they mainly manufacture small arms ammunition and small shells. Is it the government's policy to extend that, or will that relatively small production by the government arsenals remain so compared with the increase in manufacture by private contractors?

Mr. MACKENZIE (Vancouver): I stated the other day, I think, that the production at Valcartier had been increased to about six or seven times the previous production in regard to small arms munitions, and I further stated that it was my desire, and I believe the desire of the government, to extend the production in government arsenals as far as practicable. As a matter of fact, at the present moment we are working on a scheme in regard to the development of the Lindsay arsenal.

Mr. GREEN: Take, for example, rifles or heavy machine guns; how are they to be acquired? Are they to be manufactured in dominion arsenals or are they to be purchased?

Mr. MACKENZIE (Vancouver): As my hon. friend probably knows, all the heavy machine guns are imported from Great Britain. The question of whether whatever government may be in power will proceed with the erection of a gun factory in Canada is a matter for consideration. At the present time we are proceeding, as my hon. friend knows, to have light machine guns manufactured in Toronto, while the heavier machine guns are all being imported from the old country.

Mr. GREEN: Is it the government's policy to purchase rifles or to manufacture them?

[Mr. Ian Mackenzie.]

Mr. MACKENZIE (Vancouver): The government's policy in that regard will be determined in the future. At the moment I am not in a position to state definitely what it will be.

Mr. STIRLING: What instances can the minister give of projects carried out by persons in the employ of His Majesty the King in the right of Canada?

Mr. MACKENZIE (Vancouver): That would refer to day labour directly employed by the crown.

Mr. STIRLING: Such as what?

Mr. MACKENZIE (Vancouver): Any works done by the department by day labour; the work at Trenton, for example.

Mr. PELLETIER: In the case of a joint contract in which the Canadian department was interested in cooperation with the British war office, if it was decided to award a contract in Canada for the manufacture of equipment that might belong to both the British war office and the Canadian department, would contracts of that type come under the jurisdiction of this board?

Mr. MACKENZIE (Vancouver): If it were for more than $5,000 it would come under the jurisdiction of the proposed board.

Mr. PELLETIER: Even though it might originate with the British war office?

Mr. MACKENZIE (Vancouver): Yes.

The CHAIRMAN: There is an amendment before the committee moved by the leader of the opposition, that the word "five" in line 20 of paragraph (b), section 2, be struck out, and the word "one" substituted therefor.

Amendment negatived: yeas, 32; nays, 63.

Mr. GREEN: On several occasions earlier in the session the suggestion was advanced that the government should make use of certain Canadian National railway shops for the manufacture of at least some of this defence equipment. As I read section 2, it is not clear as to the class in which such supplies would come. Would they be purchased by the board, or would they be considered as manufactured by the government? I hope the minister will give serious consideration to that proposal. In the Journal of the Parliaments of the Empire for October, 1938, I find this, dealing with the way in which South Africa is procuring defence equipment:

It had been decided to establish new railway workshops at Pretoria to build medium sized lorries convertible into armoured vehicles for railway and government purposes. A joint

committee of defence and railway experts was now examining the possibility of a subsidy by the defence department to the railways—

I understand these are government railways.

—for the purpose of acquiring and working certain heavy presses and a forging plant, which would be in a position to engage in aspects of armament manufacture at present beyond the means of local industry.

What arrangements have been made in regard to the Canadian National railway shops?

Mr. MACKENZIE (Vancouver): There are no definite arrangements, except in so far as they were included in the surveys which were made for the information of the department in regard to the capacity of various plants. With regard to the other question asked by my hon. friend, I would think it largely a matter of opinion as to whether the Canadian National workshops would come under that subsection. My personal opinion is that they would.

Mr. GREEN: Would it not be well to make it clear in the latter part of the section?

Mr. POWER: If the Canadian National Railways entered into a contract with the government as the Canadian National Railways I imagine that contract would go before the defence purchasing board; but if the Canadian National shops were taken over and operated by the government it would be equipment manufactured in an arsenal or factory owned or operated by the government of Canada. I think that would be the answer to my hon. friend's question

Paragraph (b) agreed to.

Paragraphs (c) to (e) inclusive agreed to.

Section agreed to.

On section 3, subsection 1—Board constituted.

Mr. HAYHURST: We have a chairman and three other members making up this board. Would any of these be public officials?

Mr. MACKENZIE (Vancouver): That has not been determined up to the present time. As a matter of policy that has not yet been decided. During the debate to-day the suggestion was made by my hon. friend the leader of the opposition that possibly one of the officials of the defence council might be appointed to this board, but so far as the government is concerned we have not yet given the question any definite consideration.

Mr. HOMUTH: I think this is one of the most important sections of the whole bill. This afternoon the leader of the opposition advanced the suggestion that a member of the defence council should belong to this board. If that is not acceptable to the government, then I would suggest that the chairman of this board should be made a member of the defence council, as has been done in England. In the old country, even with its years and years of armament manufacture, they found themselves up against a difficult situation in the last year or two. They were not getting deliveries of war materials as they had expected to get them. Instead of changing everything round and upsetting the whole system, however, they simply enlarged the system and made the head of their munitions purchasing board, or whatever they call it, a member of the defence council. I do think that, as my leader suggested, one member of the board should be a member of the defence council; or, in the alternative, that the chairman of this board should be made a member of that council. I believe there should be a closer relationship between the defence council and this board than is provided in this legislation, and I believe we should have some assurance from the minister that something along that line will be done. I think it is essential for the proper working out of the system.

Mr. MACKENZIE (Vancouver): In regard to the point raised by my hon. friend and referred to this afternoon by the leader of the opposition, in any event it would not be necessary to embody that in this legislation. As my hon. friend knows, by order in council, the minister can at any time add to the defence council. But without consenting to the suggestion being introduced into the legislation at the present time, I should be glad later on to give every possible consideration to the suggestion of the hon. member.

Mr. DOUGLAS (Weyburn): In passing contracts of the kind indicated, it is important that some consideration be given to conditions of labour under which men will work on contracts. Has the government given consideration to having one of the members of the board a representative of organized labour?

Mr. MACKENZIE (Vancouver): I can assure the hon. member the government has given no consideration whatsoever to either the individuals or their occupational qualifications. In the recommendations of Mr. Justice Davis there was a suggestion that one of the four should be from a labour group. I shall be glad also to give consideration to the suggestion of the hon. member.

Mr. MANION: In regard to the matter to which reference has just been made by the hon. member for Waterloo South (Mr.

Homuth) and to which I referred this afternoon, may I say I believe the government and the minister would be very wise to reconstitute the board along the lines suggested. It seems to me the board would be far better able to carry out its duties if on it there were a permanent member of the defence council. My personal suggestion would be either the ordnance officer or the chief of general staff. In my opinion, either of those gentlemen would be suitable, in addition to the minister.

I do not wish to move an amendment to that effect, and I have thought the minister would hold up the clause, give it further consideration, and then advance it in altered form. If he were to do that, I would be satisfied. Otherwise I would like to move an amendment that the board consist of five members. The present personnel would remain as it is, but one of the members of the defence council would be added. I will leave this to the minister or to the government. I believe my suggestion would strengthen the board because it would involve direct connection with the council, in addition to the connection it may have through the minister. There would be direct connection between the defence purchasing board and the defence council, and I believe the suggestion would add very much to the usefulness of the board and, generally, would bring about much greater efficiency than otherwise there might be.

By virtue of his office the minister is a member, and with another permanent man with whom they could discuss the whole problem it seems to me the activities of the body in question would be strengthened. For example, the board would consist of four people. I should suppose that the chairman would be something by way of an industrialist who would understand the making of contracts and for that reason would be in a position to deal, in a businesslike way, with contracts given. The other three would act in an advisory capacity and would come in occasionally. It seems to me the chairman of the board, who would be a permanent official, would be happy to have the services of someone who would know military matters even better than the minister himself, or a man like myself, if I were minister. I do not pretend to know much about matters of that kind. I should think the chairman should be happy to have someone from the permanent staff with whom he could discuss the whole matter. I am not making the suggestion with any intention of embarrassing the minister, but I do believe it would improve the legislation materially.

[Mr. Manion.]

Mr. MACKENZIE (Vancouver): I appreciate the remarks of my hon. friend. As we have not tied up the legislation by any specific occupational qualifications, I feel, in regard to the suggestion made that, although I have the highest possible regard for the present chief of general staff and the master general of the ordnance, I think the carrying out of my hon. friend's suggestion would have to be left to future developments.

In regard to the relationship between the board and the defence council, I can assure my hon. friend that so far as I am concerned every effort will be made to establish a close liaison between the two. I should not like by an amendment to the legislation at the present time to accept any specific occupational qualifications of members from the defence council, or from any other quarter.

Mr. MANION: I was not suggesting any individual officer. As a matter of fact, I had written out an amendment in these words:

That the word "four" in the thirteenth line on page 2 be deleted, and the word "five" be substituted therefor, and that the following words be added to the clause in line 16, "with one member of the defence council, other than the minister."

The member would be chosen by the minister himself. If the minister has some objection, and if he feels that he cannot accept it, I should like to press the matter. If he says he will accept it, then he may move the amendment himself, if it suits him better to do so. I do not care about that. Otherwise I should like to move the amendment myself, and if the government wishes to vote it down, it is their choice.

Mr. FACTOR: With all due respect to the leader of the opposition, I think it would be a mistake to have either the chief of general staff or the ordnance officer on the purchasing board. Presumably the board is to be set up for the purpose of keeping a check on the requisitions put in by the Department of National Defence. Before putting in a requisition for war munitions, that department is likely to consult the very official who subsequently would be on the purchasing board, and the two duties of that officer would conflict.

I believe the personnel of the board should comprise persons altogether apart from the Department of National Defence, and be persons who would be able to check up on all requisitions put in by that department.

Mr. BROOKS: I believe I see the force of the argument of the leader of the opposition. As I understand it, the requirements of the different branches, including the naval and

air forces, would originate with some member of the defence council. That person might be the head of the naval service or the head of the air service. As the requirements originate in the defence council, it would seem to me to be a very good idea to have the chairman of the board either sit in with the defence council or have the chief of general staff sit in with the purchasing board. Certainly there would be a connecting link between the two, and it would be the means of giving a clear understanding to the board of what the requirements were for, and why they were being sought.

Mr. MUTCH: In disagreeing with the suggestion of the leader of the opposition may I say that it does not seem important to me, once the decision has been made within the department that certain contracts should be called for, that there should be anyone from the defence council on the board. My understanding is that it would be a business committee. While I have the highest regard for the military knowledge and accomplishment of the present defence council, some of them having a sufficient number of medals to make them bowlegged, carrying them around, it would seem to me that their military accomplishments do not necessarily in any sense of the word make them business men. The mere fact that a man might be an excellent military officer or a leader of men in the defence of his country does not necessarily—and in my opinion probably would not—make him a valuable member of the board.

Mr. STIRLING: The hon. member for Royal has put forward a suggestion which had occurred to me, and which I was about to make, that if the government is prepared to give consideration to the idea of a liaison or close linking between the board and the defence council it might perhaps better go in the direction of the chairman or even a member of the board being present at meetings of the defence council, for the very reasons the hon. member pointed out. The purchases which will have to be made will be naval, military, air and civil, and it might not be as easy to choose a member of the defence council capable of speaking on all four branches as it would be to have the liaison effected by the chairman of the board sitting in on the defence council.

Mr. POWER: In reply to the suggestion of the leader of the opposition may I point out that, after all, this is to be a board which is presumed to apply whatever talents and capacities men in business are supposed to have in connection with the purchase of supplies. It was at least hinted in the Davis report that the very training of men engaged in military life is not such as would make them very readily able to discuss, negotiate and enter into contracts of this kind, and I think anyone who has had a little experience of military life would come to the conclusion that it is not a business training, at any rate, whatever else it may be. But the idea of the act is that the military men, whether they be army, navy or air force, having come to the conclusion that certain equipment, guns, munitions or whatever it may be, is required, will submit their requirements to the purchasing board under clause 4, and their requisition must specify in detail:

(a) the defence equipment to be purchased, the quantity thereof and specifications therefor, the time and place of delivery, the parliamentary appropriation available for such purchase, the quantity of such defence equipment already in the possession of the government of Canada or contracted for but not yet delivered, and such other data as may be considered requisite; or

(b) the defence project to be constructed, erected, improved or extended, the location of the same, the plans, drawings and specifications therefor if necessary, the estimated cost, the approximate date at which such project is required to be completed, the parliamentary appropriation available to meet the cost thereof, and such other data as may be considered requisite.

The point I wish to make is that the Department of National Defence and the officers thereof, whether they be on the militia council or in any one of the branches, are the people who are charged with the duty of requisitioning what they require. I do not know what purpose would be served by having them on the purchasing board except to go there as advocates of what they require; and should it so happen, as perhaps it might, that they might be more extravagant in their ideas than perhaps a business man would be, they would be just one more advocate on the board to persuade it to accede to that particular thing. It would seem to me the part of wisdom rather to have the board outside the department to decide whether the requisition made was fully justified. I would think from a business standpoint that would be the proper thing to do, giving to the board the fullest power to inquire why these things were required, and at the same time giving to the department, naturally as a corollary, the right to show the board that they require such and such a thing rather than this particular thing or that they require this particular kind of munitions rather than another kind of munitions. It seems to me that the set-up will work pretty well, and that to do what is suggested might seriously impair the work of the board.

Mr. MacINNIS: Mr. Chairman, I agree with those who have said that this is a very important section of the bill, but it is a section that I do not think this committee can do very much about, nor do I think we would be wise in trying to do anything about it. If this bill has been sincerely put forward to fulfil a definite purpose and need, as we must accept that it is, then the governor in council will be anxious to select the best individuals possible to carry out the functions of the board, and I do not think we are justified in trying to restrict the governor in council in any way whatsoever in the selection of the board. Unless individuals of ability and integrity are selected, the bill will not fulfil the functions we expect, and for that reason I do not think the committee should even make suggestions to the governor in council as to who should or should not be on that board.

As I understand it, this purchasing board will perform the function that an individual performs acting in a similar capacity with a private company or a municipal council or possibly a provincial or federal government. The members of the board need not have military training; they need not be concerned about that. They will be told what is required, and the functions of the board will be to buy what is required in the best possible market and to the best advantage of the people of Canada. Consequently, the government itself should be interested in getting the best men available, men of the best ability and integrity. I believe the greater number if not all of the members of the board can be found within the civil service itself, people who will be able to give better service than any appointees from outside.

The CHAIRMAN: An amendment has been moved by the hon. leader of the opposition (Mr. Manion):

That the word "four" in the thirteenth line on page 2 be deleted and the word "five" be substituted therefor, and that the following words be added to the clause in line sixteen: "With one member of the defence council other than the minister."

Mr. MANION: If the hon. gentleman who has just taken his seat (Mr. MacInnis) is correct in his argument that we should not put any restrictions at all upon the governor in council in selecting the board, then to be logical he should take the attitude that we should not have a board at all.

Mr. MacINNIS: No.

Mr. MANION: If we should not have restrictions upon the minister, we should not have a board to restrict, so I do not agree with my hon. friend's argument.

[Mr. Power.]

The remarks made by the Minister of Pensions and National Health (Mr. Power) merely strengthen me in my idea that I was right, because he points out that by clause 8 the board may, through the department, investigate or require information. But so far as I have read the bill—and I have read it pretty thoroughly two or three times—the only person with whom the board has any contact at all is the minister. It does not say that specifically in the bill, but it is certainly implied here, there and everywhere throughout the different sections.

Mr. POWER: Look at paragraph (f) of section 8.

Mr. MANION: Paragraph (f) provides that the board:

(f) shall have power to require any officer or employee of the department to furnish to the board any information which he may have in regard to any of the matters falling within the scope of the duties and powers of the board.

All right. But look at clause 6:

It shall be the duty of the board to supervise the performance of all contracts which may have been entered into pursuant to the provisions of this Part with a view to assuring that such contracts are performed in accordance with their respective terms.

Imagine, if you like, the chairman of this board, a business man, as undoubtedly he will have to be, possibly with military training but very unlikely; he is going to supervise the letting of a contract for the department, and all he has before him are the specifications. He has nobody to talk them over with except the minister. True, he may call in the officers of the department; but if he had with him on the board an officer of the department who was familiar with its needs, a man who understood the military engineering requirements of the department, he would have somebody there who would be in a position to advise him all the time. Otherwise he is going to have to ask the minister, "Can I have such and such an officer brought here to talk over things?" Probably it can be worked, but I think it would be very much to the advantage of the board if the chairman, the business man, has someone associated with him with whom he can talk over these different matters which come before him, these different contracts, the requirements of the department in various ways, from, if possible, the military and naval points of view.

Mr. POWER: One could not expect that the military man would know anything about the air or that the naval man would know anything about the army. So, to follow up my

hon. friend's argument, all three men on the board would be soldiers, and we would be back where we started.

Mr. MANION: They would know more than either the minister or myself.

Mr. MACKENZIE KING: Perhaps I might say a word with regard to what the leader of the opposition has just said. I do not know that he has fully appreciated just how difficult it is, not only for the minister but for the cabinet as a whole, to decide whether or not the requisitions which come from the defence department are absolutely necessary to the extent to which they are made out. As a member of the government, with others of my colleagues I have had occasion in the last couple of years to meet on several occasions with members of the defence council with respect to the requisitions which they were making upon the government in the form of proposed estimates, to consider those estimates with a view to discovering whether what was being requested was absolutely necessary or whether what was proposed was in excess of what was really required. My experience on these occasions—and I think it was the experience of my colleagues as well—was that unless we had some independent board to whom we could refer the requisitions with a view to ascertaining whether they were really necessary, there was no way of getting that information except taking in its entirety what the heads of the different departments said was required.

Take, for example, the militia. Take the air; take the naval service. All of these branches of the defence department have asked from this government amounts vastly in excess of anything that appears in the estimates as brought down. They have told us that what we have brought down to this house at the present time is not at all adequate for the situation as they see it. We have had to examine them and cross-examine them, and study the matter very carefully ourselves before having estimates brought in here. My hon. friend knows that estimates are discussed in the cabinet as a whole, but the defence estimates in addition have been considered by a sub-committee of the cabinet with members of the defence council. I say to my hon. friend, from the experience I have had on that committee of the cabinet dealing with the heads of services of the defence department, that I feel one of the most necessary of all things is to have a board which will be entirely independent of the heads of the defence branches, which will be in a position to advise the government, if the government wished to be so advised, as to whether or not what is being asked for is absolutely necessary in the circumstances. That objective would be defeated in part, I think, by what my hon. friend has suggested. There is nothing to prevent this defence board from having the closest contact with the head of each branch of the defence department. Not only can they meet, but they are expected to have close contact with the heads of these branches. But to attach to that board itself the head of any one of those services, or one who is supposed to represent all of them, would, in my opinion, tend to defeat one of the very objects for which the board is being appointed.

Mr. MANION: Is my right hon. friend suggesting that this board is going to advise the government as to our requirements from a military or a naval standpoint?

Mr. MACKENZIE KING: Quite.

Mr. MANION: I do not think this board should do any such thing. This board is a purchasing board. As I understand it, it is to see that all contracts entered into by the Department of National Defence are honest and above-board; that they are efficiently carried out, and that the government and the people of Canada get their money's worth in all regards. The minister has not said who are going to be on the board. He has not given us any indication.

Mr. MACKENZIE (Vancouver): I do not know.

Mr. MANION: But he has not contradicted what I think must be true, that the chairman will be a business man, not a naval or military man. The minister said in reply to me that he probably would not be both, anyway; therefore he is going to be a business man. The other three will be advisory. Are these three advisers and the business man to come to this government and tell them what we are going to need in the way of defence? I do not think they are going to do that. But if the government are convinced by their advisers that a contract is needed for the defence of this country, the board is going to see to it that a contract is entered into which is decent and is fair to the people of Canada. That is all that is intended, so far as I can see.

Mr. MACKENZIE KING: My hon. friend may know more about the legislation than I do, but I can assure him that, along with my colleagues, I have given a great deal of thought and consideration to this bill, and one of the objects the government had in mind in the appointment of this

board was that the board should have power to ascertain, if so desired, whether or not what was being asked for by the defence department was absolutely necessary. I think that is clearly set forth in section 8, which at the moment I need not go into in detail. But observe the very first paragraph:

> For the purpose of carrying out its powers under this part, the board
>
> (a) may inquire into the requirements, whether actual or anticipated, of the department for defence equipment, or for defence projects, the specifications thereof and the reasons therefor.

That is the very first of the powers given to the board, to inquire into these things to see whether they are necessary or not.

Mr. BROOKS: May I ask the Prime Minister from whom they would make their inquiries if it would not be from the very men he has mentioned?

Mr. MACKENZIE KING: They will make these inquiries from the officers of the department. They will weigh the reasons, and they will take any means which they may think most advisable to satisfy their minds on this point. Paragraph (f) of section 8 says that the board—

> . . . shall have power to require any officer or employee of the department to furnish to the board any information which he may have in regard to any of the matters falling within the scope of the duties and powers of the board.

I must say that I think that aspect of the board's work is one of the most important of the duties it will have to discharge, and I believe that that duty will be much better performed if the personnel of the board is kept quite distinct from that of the defence council, although I agree that, as between the chairman of the board and the members of the defence council, there should be the opportunity for the fullest possible kind of collaboration in any particular which either of them may consider to be desirable.

Mr. MANION: In view of that, will the Prime Minister give us some idea as to what he considers these four men should be. One man is to give his full time, and three others will be in an advisory capacity, because all they are receiving is their out-of-pocket expenses. The Prime Minister suggested a few moments ago in his remarks that he thought this board should be independent of the defence department, and surely one man put on from the defence council is not going to be able to vote down four. He is only one out of five; he is well diluted, if I may use that word, and the four can vote him down any time. He is there only to give them advice. I would have no objection to the suggestion made by a couple of other hon. members, that it be worked the other way, and that the chairman of the board be a member, if you like, of the defence council.

Mr. MACKENZIE (Vancouver): That would not require to be inserted in this legislation at all. That could be easily done afterwards—could be considered.

Mr. MANION: This legislation should be reasonably complete. I do not care for the minister's suggestion, which he has made three or four times to-night, that we should pass the legislation on his word that he will do this, that and the other thing which are not taken care of in the legislation. I do not think we should be asked in this committee to do that. We should know the type of people of which this board is going to be composed. Certainly, if it is to be a board which will go to and advise the governor in council what we require in the way of defence, naval, air and military, it is going to be a pretty wide board. It is to be composed of four men, one of them giving his permanent time, a business man who probably does not know anything at all about military, naval or air affairs, and the other three just giving support to him. That, to me, is the most extraordinary proposal I have yet heard in regard to this legislation.

Mr. HOMUTH: I would say that the very argument used by the Prime Minister and the Minister of Pensions and National Health is an argument in favour of the amendment. If, as the Minister of Pensions and National Health says, these military men have not necessarily the business ability required, they are nevertheless going to make certain recommendations. Let us take, for instance, aeroplane engines. The best aeroplane engine in the world is the Rolls-Royce. Suppose they said we needed 100 or 200 Rolls-Royce engines and the recommendation went to the purchasing board. The board would make inquiries and would find out that these engines would have to be bought in England. What else could they do? This board, working along with the defence council, would have to ascertain what was the best engine to use in aeroplanes, and if the Rolls-Royce engine could not be obtained then something else would have to take its place. They might say, "Let us develop an engine in Canada." Some of the automobile firms could do it. The work of the two boards would be so closely coordinated that in my opinion they ought to have a much closer working arrangement than is provided for in this bill.

Mr. POWER: The suggestion is not quite accurate. I am not familiar with all the work of the Department of National Defence, but it seems to me it is never the defence council that makes requisitions. The matter which my hon. friend is discussing, the question of aviation, would be one for the head of the aviation branch. At present it goes to the director of contracts and the director of contracts is a civilian. May I remind the committee that traditionally in Great Britain it has always been considered advisable to have civilian direction of matters of this kind. The direction of military services has been, as far as possible, under somebody not connected with the active army, and to a large extent the same thing obtains in the navy. It so happens that since the last war the incumbents of these positions have been men who have served in the army, but they are not as a rule, professional soldiers. That tradition, I believe, has arisen for a reason. The people of Great Britain have not wished their defence departments to be ruled by professional soldiers, and I think that is pretty well inbred in the British tradition.

Personally I am not convinced that when the aviation branch goes to this board and says, "We think the best engine is the Rolls engine," it would not be better to have the board say, "Look here, young fellow, the Rolls engine costs too much; we cannot afford it; if another engine will do just as well, let us have it." It is the same in every department. I suggest to the leader of the opposition that in the Canadian National Railways the purchasing agent was not an engineer. I do not know whether he is or not, really, but as a matter of fact he had not been practising as a professional engineer. I refer to Mr. Vaughan. When it came to buying engineering equipment or locomotives, it was likely that the man who wanted to buy the locomotives or a certain type of railway truck would go to Mr. Vaughan and say, "We need this type of equipment," and I suggest that in the course of his duties Mr. Vaughan might reply, "That is too expensive; can you not get a cheaper one that will serve the same purpose?" Many times he may have had difficulties with his technical men—I do not know that he had; I am only guessing. The leader of the opposition was Minister of Railways and he may have heard some such thing.

In a department like the Department of National Defence, technical men might ask for the very best equipment, when perhaps another kind would be just as good. I suggest that the purpose of the board is as much control over purely technical men, who naturally cannot have the business knowledge of people outside, as it is for anything else, and I say that without intending to cast the least reflection on any member of the militia council or on the Department of National Defence.

Mr. PELLETIER: We in this corner rather agree with the attitude of the Prime Minister towards the amendment. We feel that this board is an entirely different department. It will be a supply department to meet the needs of the Department of National Defence. What I cannot find logical in the attitude of the leader of the opposition is this. He criticized bitterly the closeness of certain contracts in the Department of National Defence. Well, here it is proposed to move these things as far as possible from the Department of National Defence, but now he seeks to bring in some liaison officer, thereby nullifying the attitude he has taken in the past.

Furthermore, the very fact that there would be someone from the defence council as a member of the proposed purchasing board would be detrimental to the board; for this very good reason, that as time goes on the board itself might very well become used to taking suggestions made by a member of the defence council; and inasmuch as a part of their duties would be to look into records and make certain that the requisitions of the Department of National Defence are what are really needed, the time might come when, instead of making inquiries as fully as they should do in the line of their duty, they might simply take the word of the representative of the defence council and let things slide in that way. If that connection were made it would be harmful to the board. They should have as much freedom of action as possible. If the amendment is proposed we will oppose it.

Mr. MANION: If that is the case, I must sadly accept the opposition. I would point out to the hon. member that my criticism was not of the department having something to do with the contracts. My criticism was of the government generally for permitting the Bren gun and the Montreal Construction Company's contracts. It was of the whole government and perhaps of the minister, if you will. I was not, however, criticizing the technical officers of the department. The technical officers are the only people who, as far as I am aware, know anything about these matters. I do not accept the minister or his assistant, the Minister of Pensions and National Health, as an authority, as knowing any more about the matter than I do from the technical point of view. I suggest that

the board be not merely a group without knowledge of these matters, their only liaison being the minister, so that in the ordinary course, when they wished to have some matter discussed, the minister might send them anyone he pleased.

May I deal with a remark made by the Prime Minister, that he hoped this board would advise the government as to how much they should spend—in other words that it should help them make up the estimates for the Department of National Defence. That is boiling it down to a sentence.

Mr. MACKENZIE KING: When requisitions come from the Department of National Defence to this board, one of the duties of the board will be to satisfy itself that these requisitions are necessary to the extent to which they are made out.

Mr. MANION: I do not see how this board will satisfy itself in that regard. The board is being placed above the military machine. I have no reason to think it is not a good machine, and now a certain number of men are to be brought in and put above the whole defence department. That is what it amounts to.

Showing that these sums of money are already allocated, we have already passed clause (ii) which says that this means any contract for:

(ii) the construction, erection, repair, improvement or extension . . . which involves an expenditure by the department of a sum in excess of five thousand dollars, and for which parliament has appropriated moneys or authorized commitments.

In other words, the money has already been appropriated.

Mr. POWER: Not specifically. Suppose they need 10,000 blankets, we do not come to parliament for that. And the board might say that 5,000 would do.

Mr. MANION: But from what I understood the Prime Minister to say this board is to advise the government how much money is to be spent. The Prime Minister said the $63,000,000 is nothing to what the Defence department wanted if added all together.

Mr. MACKENZIE KING: I said that the greatest difficulty the government had was to be satisfied in its own mind that all of these things are necessary. The government's mind will be much relieved if after parliament has appropriated moneys and before they are used to the extent that may be desired by some branches of the defence service, the government is satisfied that those expenditures are absolutely necessary.

Mr. MANION: Well, never in my experience have I known of a government that had to have its mind made up for it by someone else as this government has.

Paragraph (a) of subsection (3) of section 4 refers to:

. . . the defence equipment to be purchased, the quantity thereof and specifications therefor . . . the parliamentary appropriation available for such purchase. . . .

"The parliamentary appropriation available for such purchase." This board has nothing to do in regard to telling the government as to the necessities of the Department of National Defence. The department itself, like every other department, makes up its estimates—

Mr. MACKENZIE KING: I did not say this board is to advise the government in making up its estimates. I said my experience in dealing with this question when the estimates were being prepared showed the necessity of having some authoritative body that could say whether or not what is recommended and appropriated is absolutely necessary.

Mr. MANION: That is true of every department. The Minister of Finance in every government has to fight every department, because they all want more money than they get. That is one of the difficulties a government has to deal with. I agree with the Prime Minister that all the departments ask for more than the government feels it can give them, and I understand the Department of National Defence at the present time wanting more than it gets; but it seems to me that is settled irrespective of this board.

This board is not for the purpose of going over the estimates of the Department of National Defence. Once the minister of the department has submitted to the Minister of Finance, or to the government, or to the treasury board if you will, its estimates, and this $63,000,000 has been arrived at without any committee to help them decide, then this defence purchasing board is for the purpose of seeing that the expenditure of that money is carried out in a proper fashion. That is the real duty of this board as I see it. I again suggest to the minister or his colleague or the Prime Minister that one or another of them tell us something as to who is to be on this board. I do not mean the names; but in view of the remarkable statement made by the Prime Minister, will he tell us what kind of men are to be on this board? The Prime Minister's statement gives a new purpose for this board; surely he has something in the back of his head that he is not telling the committee in regard to the type of or

the occupations of the men who will constitute a board of this kind. I am going to sit down and let one of the three hon. gentlemen tell us what kind of board it is to be.

Amendment (Mr. Manion) negatived: yeas, 15; nays, 72.

Mr. PELLETIER: The last clause of subsection 1 of clause 3 reads:

. . . who shall be appointed by the governor in council and who shall hold office during good behaviour for five years.

The usual phraseology employed in a case of this kind simply says "shall hold office during good behaviour" or "during pleasure." There must be a definite reason for using the language used in this clause. Is it because the government contemplates or believes that at the end of five years they will no longer need to purchase munitions? I should like to know just why these words were inserted.

Mr. MACKENZIE (Vancouver): I assure my hon. friend that is the phraseology usually employed. The appointment is definite for five years.

Mr. PELLETIER: There is no provision here to reappoint them after the period of five years expires. Further clauses provide that certain members may be replaced, but what happens at the end of the five years? Would it be necessary to enact new legislation reappointing these people, or in what manner may they be reappointed? I assume the term of five years is taken as a definite commitment, and it would be necessary either to amend the section or to use some other authority to reappoint these people.

Mr. MACKENZIE (Vancouver): The point made by my hon. friend has perhaps some force. The words "may be reappointed" might be inserted, but I do not think it is legally necessary. I shall, however, be glad to look into it.

Section 3, subsection 1 agreed to.

Section 3, subsections 2 and 3 agreed to.

On section 3, subsection 4—Chairman to devote whole time.

Mr. DOUGLAS (Weyburn): When this bill was in the resolution stage it was said from all corners of the house that the effectiveness of this piece of legislation would depend very largely upon the integrity and ability of the personnel. If the persons selected for this board are of high calibre they can do some very effective work; if they are not we are wasting our time here this evening. In the investigations carried on after the war in Great Britain, France and the United States, unfortunate conditions were revealed of men holding positions of similar character who were found to be either directors or shareholders in large armament concerns. I think the government is to be commended for having suggested that the chairman of the board shall not after his appointment be an officer or director of any industrial corporation or company. I wonder, however, if the minister would consider adding to that the words: "nor shall he be a shareholder in any firm engaged in the manufacture of armaments." I do not want to make it too strict. The man selected may be in business, and he should not be expected to drop all his connection with the business world; but the confidence of the Canadian people in such a board and its personnel would be strengthened if they could be absolutely sure that he had no business connection whatsoever with companies that might receive contracts from this board. If he had shares in such companies there is no reason why he could not sell them; it would be simply a matter of asking any man who takes this position to dispose of any shares he holds in any company likely to make application for a contract. And if any company in which he had shares were not making application at the time but later decided to make application, it would be his duty to sell his shares in that company. Only in that way can we give the people of Canada a feeling of confidence in the board that is to be appointed as a result of the legislation we are now considering. I will not move any amendment until the minister has said something about it, but I would suggest that in line 29 of subsection 4 of section 3 the words "nor shall he be a shareholder in any firm engaged in the manufacture of munitions" be added.

Mr. MACKENZIE (Vancouver): The point mentioned by my hon. friend was carefully considered before the legislation was brought in. While I have a certain amount of sympathy with the point of view he has expressed, I am very much afraid that, since it is the desire of the government to obtain an outstanding business man for this position, it would be practically impossible to ask any business man not to be a shareholder in any company. I would agree with my hon. friend if he were to say "a shareholder in any company doing business with the board or the government"; then it would be a different matter, but I think it is going rather too far to extend the principle as far as my hon. friend would carry it.

Mr. DOUGLAS (Weyburn): I am afraid the minister misunderstood me; that was not what I said. I am not suggesting that the word "shareholder" should be inserted after

the word "director." That would be unfair. Any man now engaged in business could not be expected to terminate his contact with the business world because he accepted this responsible position. What I am suggesting is that the words "nor shall he be a shareholder in any firm engaged in the manufacture of armaments," be inserted after the word "company" in line 29. That would not touch any other kind of firm, and I think that makes it quite specific. Certainly I would not extend it to every firm.

Mr. HOMUTH: What does the hon. member mean by "armaments"?

Mr. DOUGLAS (Weyburn): I would mean any firm that might be likely to obtain contracts from this board. No matter how fairly it might be done, I think the man himself, if he thought it over, would want to have this provision inserted; because if any firm in which he held shares should receive contracts from this board in any considerable amount he would never be able to remove the suspicion from the minds of the Canadian people that those contracts were granted to that firm primarily because the chairman of the board held shares in it. I would think he would want that provision inserted for his own protection. I know any man I have in mind who might be considered likely to be appointed to this position would, for his own protection, sell any shares he held in any armament manufacturing concern.

Mr. POWER: Personally I would be inclined to urge the minister to accept the amendment suggested by my hon. friend, but I am not quite sure whether the word "armaments," as has been pointed out by the hon. member for Waterloo South, would cover it. For instance, as has been already pointed out in this house, munitions might mean wheat, feed, fodder, and a thousand and one things. Perhaps by reference to section 2, paragraph (b) (i), we might find some better expression; I see there the words "defensive equipment." I am not quite sure what term I would feel like recommending, but in principle I would be quite prepared to recommend the adoption of the suggestion of my hon. friend, if we could agree upon the proper phraseology.

Mr. HEAPS: It might be allowed to stand.

Mr. MACKENZIE (Vancouver): Yes.

Mr. MacNICOL: Has it been decided that an industrialist is to be chairman of the board?

Mr. MACKENZIE (Vancouver): Not necessarily.

[Mr. T. C. Douglas.]

Mr. MacNICOL: Then the amendment would be entirely out of order, because it refers to an industrialist.

Some hon. MEMBERS: No.

Mr. MacNICOL: Just wait until I have finished, please. The last line contains these words:

. . . be an officer, or a director of any industrial corporation or company.

Why does it not go further and say a member of any legal firm or any other firm?

Mr. POWER: He might be a lawyer and an industrialist.

Mr. MACKENZIE (Vancouver): I shall be glad to give consideration to the point raised by my hon. friend.

Subsection 4 stands.

On section 3, subsection 5—Salary of chairman.

Mr. HEAPS: Could the minister give us any idea what salary it is intended the chairman of this board should receive?

Mr. MACKENZIE (Vancouver): The government has given no consideration at all to that point.

Mr. MANION: I should like it very much if the government, which the Prime Minister says has been considering this question for so long, would give the committee something in the way of a general idea as to what they think of the board, as to what kind of board they are going to appoint. I do not think we should be asked to pass this bill without being given some information along those lines. A day or two ago the Prime Minister said the government had been giving consideration to this matter long before the Bren gun contract. Well, the Bren gun contract was given a year and a half ago, so the Prime Minister and the government have had a great deal of time to think over this matter.

Mr. MACKENZIE KING: I did not say before the Bren gun contract was given; I said before there was any suggestion of an inquiry into the Bren gun contract.

Mr. MANION: Well, even that takes us back to last October, or earlier than that.

Mr. MACKENZIE (Vancouver): September.

Mr. MANION: That is six months ago now. Surely the government can give us some idea as to what they have in mind. I am asking this for information, not to embarrass the government. It seems to me they

must have some idea in regard to the type of people who are to make up this board. Someone asks if the chairman is going to be an industrialist, and it strikes me that he almost has to be an industrialist. He must be someone of that sort, or a corporation lawyer who has been dealing with contracts. It seems to me he is more likely to be an industrialist, with wide experience in manufacturing. Then, in regard to the other three members of the board, surely we should have some information before this section carries.

Mr. HOMUTH: If this bill is a direct result of the recommendation of Mr. Justice Davis, or if that recommendation had something to do with this bill having been brought in, I would remind the minister that Mr. Justice Davis made in his report a specific recommendation that the board should include a corporation lawyer, a representative of labour, and so on. Would the government say that they are thinking of carrying out this recommendation?

Mr. MACKENZIE (Vancouver): My hon. friend will find that the type of committee recommended by Mr. Justice Davis is entirely different from the purchasing board suggested in this recommendation. If the hon. member will read the report, at page 51 he will find that Mr. Justice Davis recommended a purely advisory committee, whereas this board has definite executive authority. So in that regard the two proposals are quite different.

With reference to the question of the leader of the opposition, I can only repeat that it will be the desire of the government to have some very prominent Canadian citizen, some industrialist or business man, someone with definite experience along the lines of purchasing, at the head of this organization. Who he is to be I do not know, any more than anyone else knows. But I would suggest that the whole success of this purchasing board will depend upon the personality, ability and integrity of its chairman. In regard to the other three members, as I said before no occupational qualification has been laid down, although something was said along this line in the report. I think the others mentioned in the report were a commercial lawyer, an accountant and perhaps a representative of labour, to assist the chairman. However, as yet no definite decision has been made with regard to these occupational qualifications.

Mr. MANION: May I point out, Mr. Chairman, that I was not so far wrong when I said the Prime Minister spoke of a body such as this having been considered by the government before the Bren gun contract inquiry. I will quote what the right hon. gentleman said on March 10, in reply to myself:

> Let me say to my hon. friend that before the commission under Mr. Justice Davis was appointed, the government had decided to bring in a bill along the lines of that being brought in to-day.
>
> Let me say further that during the last two years my hon. friend the Minister of National Defence and I have had frequent talks together about this very difficult and complicated matter in relation to existing situations of how far it was wise to go in the opening up of arsenals, the letting of war contracts by tender, and with respect to other matters connected with his department; and repeatedly the Minister of National Defence himself has pointed out that he would welcome having some body independent of the Department of National Defence altogether review the contracts of that department so as to ensure that there would be no opportunity for any kind of profiteering or improper dealing with respect to any of them. It was at the instance of the minister and as a result of the talks he had with me as Prime Minister that in the first instance I appointed the Skelton committee—

The Prime Minister goes back two years, so I was not very far wrong when I said the right hon. gentleman certainly implied that this step had been under consideration by the government since long before the Bren gun contract was let. Of course the Prime Minister has left the back-door open; there is a little bit of doubt as to whether or not he was talking about this board. But, as a matter of fact, that is pretty clear. I thought I met it when I made the remark that the Prime Minister certainly implied to this house four days ago that for two years at any rate they have been discussing this very board.

Mr. MACKENZIE KING: May I say to my hon. friend I cannot understand the smallness of his arguments in some of these matters. He seems more concerned in seeking to find a meaning for words which had never been given to them, or intended, than he does to discuss legislation intelligently. If he thinks his last remark with reference to what I said bears out the truth of anything he has said before, he is perfectly welcome so to construe it. But I can assure him that any impartial reader of *Hansard* will see that what I have said was quite correct.

Mr. MANION: It is a matter of opinion, and I would suggest to the Prime Minister that he be a little less personal in some of his remarks to me. I was quoting the right hon. gentleman's words, his actual words, right there, and I was putting the interpretation I think any intelligent person would put upon them. I do not need a lesson from him in regard to using intelligence in connection with this question.

The right hon. gentleman has three or four times recently in this house made personal remarks about me, and I say to him now that he must just stop it. I can say things just as personal as he can. I can put my record up against his, dealing with the war, or anything else, now or any time—any time he likes—

Some hon. MEMBERS: Shame.

Mr. MANION: And a lot of howling from his followers, his rubber stamps, men who simply act as rubber stamps—

Mr. VIEN: Mr. Chairman, I rise to a point of order. The leader of the opposition has no right to call an hon. member of this house a rubber stamp.

An hon. MEMBER: Why not?

Mr. VIEN: And I ask that he withdraw it.

Mr. MANION: Mr. Chairman, I will withdraw "rubber stamp," but neither have my hon. friends the right to attempt to howl me down when I am arguing legitimately with the Prime Minister. I am interrupted in this house I venture to say more than any other member who speaks in this chamber, and I take the interruptions without argument. I have been complimented by my hon. friends opposite upon that. I do not mind interruptions, and I will accept them, but I do not intend to be howled down by a group of men, no matter who they are.

Mr. VIEN: When the leader of the opposition tries to set up his war record against that of the Prime Minister, I think it is unseemly on behalf of the leader of the opposition to do so, because we could also tell him some points that he may have forgotten. For instance, he left his post at the front and became a Liberal candidate in the election of 1917—I am talking about the war record that the hon. member has just mentioned—and when he landed at Quebec he became a Unionist candidate. I say that we do not want—

Mr. LANDERYOU: On a point of order.

Mr. VIEN: I say that we do not want—

The CHAIRMAN: Order. The hon. member is out of order.

Mr. MANION: Mr. Chairman, in view of the remarks the hon. member has made, I think I have a right to reply. I was not comparing war records. I did not mention my war record at all. I simply said that I was willing to stack my record up against that of the Prime Minister.

So far as leaving the front is concerned, the hon. member has made a statement which is absolutely false. He said I left the front to run as a candidate. I left the front because I was ordered out by the doctors, and I was operated on as a result of my service at the front. I wish to point out to the hon. member that I did not stay at home, in uniform, as he did. I went to the front.

Mr. VIEN: Mr. Chairman—

Mr. MACKENZIE KING: In regard to personal attacks and criticisms, although I may be mistaken I thought I had tried to be particularly careful not to be personal in my remarks.

Mr. MANION: My right hon. friend has been particularly careful to be personal three or four times in the house, and I object to it.

Mr. MACKENZIE KING: I had not intended to be personal. I am afraid my hon. friend has read into what I have said a meaning which was not there. I am afraid he does that on occasions.

Mr. MANION: Before changing *Hansard* the right hon. gentleman had better see what he said.

Mr. MACKENZIE KING: I have not changed *Hansard*. But in looking over *Hansard* to-day I notice where my hon. friend had changed *Hansard* with respect to a statement he made the other day in regard to the question of the trade agreement being a matter of importance. When he spoke in the house he said it was not a matter of great consideration. But when I come to look at that *Hansard* to-day, I noticed it had been altered to read that the trade treaty was one of the most important of all things. When my hon. friend insinuates that I am changing *Hansard*—

Mr. MANION: I had not insinuated it, either. But I made no change in *Hansard*. As a matter of fact, I do not see it; my secretary does that.

Mr. MACKENZIE KING: Well, if my hon. friend leaves *Hansard* to be revised by his secretary he must take the responsibility for what his secretary does. I revise *Hansard* myself, and I take the responsibility. However, what I wish to say is this: I have no desire to be personal. If at any time I am personal and my hon. friend will direct my attention to it, I shall be glad to withdraw whatever is personal in my language.

Mr. MANION: What right has the Prime Minister to suggest as he did a few minutes ago—or to say that if I would use intelligence—

Mr. MACKENZIE KING: I do not think I used any such expression.

Mr. MANION: My right hon. friend will find it when he looks it up.

Mr. MACKENZIE KING: It may be so, but I did not think I had used any such expression. I have every desire to have the debates in the house carried on as free from personalities as they can be.

Mr. HOMUTH: It is high time.

Mr. MACKENZIE KING: Perhaps my hon. friend would just—

Mr. HOMUTH: I have reason to know about it.

Mr. MACKENZIE KING: What is the reason?

Mr. HOMUTH: I have reason to know that debates should be carried on on a high plane.

Mr. MACKENZIE KING: Well, I am very glad my hon. friend and I agree on that. However, I think perhaps it is important on all occasions to endeavour to avoid personalities. I shall be very glad to do what I can, to help see that such a course is followed.

May I say this, in regard to war records. My hon. friend has referred to this matter. Since the war I have been before the Canadian people in five general elections, and on four occasions out of five I have been returned as Prime Minister of this country. That is the answer.

Mr. VIEN: I rise to a question of privilege. The leader of the opposition has spread on the record the statement that I had remained at home and had refused to enlist.

Mr. MANION: I did not say the hon. member refused to enlist.

Mr. VIEN: The hon. member said, at any rate, that I had remained at home while he was at war. On a question of privilege I wish to say that on August 4, 1914, with the regiment to which I belong, I was summoned to take the field at Fort La Martinière, where we were in service until December, 1914. Since then for three times I enlisted in the Canadian expeditionary force. The regiments in which I was were disbanded, were sent as drafts, and we were left behind. The only question that arises is that I was not in London, as so many others, who for months and months were waiting for appointments to the front, and were returned to Canada. My record can be compared with that of any other.

The CHAIRMAN: Order.

Progress reported.

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

Wednesday, March 15, 1939

The house met at three o'clock.

MR. R. S. WHITE

EIGHTY-THIRD ANNIVERSARY OF BIRTHDAY OF THE MEMBER FOR ST. ANTOINE-WESTMOUNT

Mr. R. S. WHITE (St. Antoine-Westmount): Mr. Speaker—

Mr. DUNNING: A question of privilege!

Mr. WHITE: —I am deeply appreciative of your courtesy in permitting me to say a few words of thanks to hon. gentlemen who have greeted me this afternoon, for their goodwill, and particularly to the members of the party to which I belong for this gift of beautiful roses.

To-day I end my eighty-third and begin my eighty-fourth year. It is an old age, at least the sixth of Shakespeare's seven ages. I am reminded of that fact when I recall that it was fifty-seven years ago that I attended my first session in this House of Commons. I was then, in the words of Disraeli, a gentleman of the press, and had no other escutcheon, sitting in the gallery of the fourth estate, commenting upon the proceedings of parliament. That work I carried on for seven consecutive sessions, until, in 1888, succeeding my father, I was elected to sit in this chamber. It is, if I may be forgiven for mentioning it, an example of that bonne entente which should prevail among all classes and all provinces that for seventeen consecutive years two persons resident in the city of Montreal in the good old province of Quebec have represented in the House of Commons a constituency in the heart of the province of Ontario, twenty to forty miles north of the city of Toronto.

Parliament in 1882 enabled me to see in the flesh and to become personally acquainted with many of the members of the parliament of 1878. It is an evidence of the brevity of life and the swift passing of time that, of the men who were in the House of Commons when I first entered it, one only in all Canada other than myself survives—I refer to that distinguished citizen known as the grand old man of Ontario, Sir William Mulock. It has so happened that, of the eleven prime ministers Canada has known since confederation, I have sat in parliament with ten—Sir John A. Macdonald, Hon. Alexander Mackenzie, Sir John Abbott, Sir John Thompson, Sir Mackenzie Bowell, Sir Charles Tupper, Sir Wilfrid Laurier, Right Hon. Arthur Meighen, Right Hon. R. B. Bennett, and the right hon. gentleman (Mr. Mackenzie King) who at

present rides the whirlwind and directs the storm. If I could apply to myself the lines of Henley—

> I am the master of my fate;
> I am the captain of my soul.

—I would choose to sit in parliament under the twelfth prime minister, the present leader of the opposition (Mr. Manion).

I have received at the hands of hon. gentlemen many kindnesses and expressions of goodwill, which encourage me to hope that I may have something of "that which should accompany old age—honour, love, obedience, troops of friends;" aye, Mr. Speaker, troops of friends, the very salt and savour of life, without whom existence would be bleak and barren indeed.

So once more I give you all my thanks and the assurance of that abiding gratitude so finely expressed as "the memory of the heart."

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to the hon. member for St. Antoine-Westmount (Mr. White) that it would be difficult to find words wherewith to give expression to the appreciation with which all hon. members of this house have listened to the remarks which he has just made. Nor would it be possible to express to him too sincerely the feelings we share towards him on this, his eighty-third birthday anniversary. I believe we are all proud that it has been our privilege to be present in this chamber this afternoon to listen to one who has played such an important part in the public life of the country speaking to members of this House of Commons as he has out of his wealth of an exceptional experience as well as years. We are grateful that his remarks have been taken down by *Hansard* that they may become for others as well as ourselves a permanent record of one of the most pleasing incidents ever witnessed in the House of Commons of Canada.

My hon. friend has said that if he were expressing what he would like most for himself, it would be that he might have honour, love, obedience and troops of friends. May I say to him that he has all four in abundance from those who sit with him in this house.

He has observed how rapidly time is fleeting. All of us in these days, I think, are impressed above all else by the rapidity with which many of those who have been most familiar figures in the public life of our country are passing away. There are very few links left in the dominion between the Canada of to-day and the Canada of confederation. My hon. friend is one of them—one of them of whom all Canada is proud, because he has been an ornament to the profession of which he has been a member and an ornament to this parliament in which he has represented his constituency for so long a time.

I might say much more to my hon. friend; it would be mostly expressing what we all wish for him. I join in every wish that he has uttered except one—

Mr. WHITE: I did not say when.

Mr. MACKENZIE KING: As my colleague, the Minister of Finance (Mr. Dunning), has just remarked to me, even at that I wish him long life. I do wish him that most sincerely and with it the strength needed to support his years. I hope it may be my privilege year after year, from this side, for many years to come to renew the congratulations which I am extending to him to-day.

Hon. R. J. MANION (Leader of the Opposition): After the little masterpiece delivered by my very dear old friend, whom I delight to call Sir Robert White, I am afraid that any remarks of mine would be somewhat of an anti-climax, particularly following the very graceful tribute paid the hon. member by the Prime Minister (Mr. Mackenzie King). At the same time, I think I should be remiss in my duty if I did not say just a word to echo the sentiments of the Prime Minister in everything that he has said—except one. I join with the right hon. gentleman in expressing, for myself and on behalf of those with whom I am associated, the affection which we all feel for this "noblest Roman of them all," the old and distinguished member for St. Antoine-Westmount, who sits to my right—or rather who has honoured me by sitting to my right.

Perhaps I might take the liberty, something that is not often done, of associating with Mr. White his very charming lady, who sits looking down at him from the gallery, in this expression of our affection for him. I think I can assure him of the affection of the whole house both for himself and for her. I might say now something I said at a luncheon which our party gave to our distinguished friend from St. Antoine-Westmount an hour or two ago in the parliamentary restaurant—and I said it in the teeth of my whole party—that of all my followers there is none whose advice and counsel I value quite so highly as I do the advice and counsel of Mr. White.

I heartily echo the wishes of the Prime Minister for a long life of happiness for both Mr. and Mrs. White. I know that I am expressing the hope of all members of my party

and, I am sure, the hope of the Prime Minister and his followers, when I say that we should all like to have the honour, for many years to come, of associating in this chamber with the hon. member for St. Antoine-Westmount.

Right Hon. ERNEST LAPOINTE (Minister of Justice) (Translation): Mr. Speaker, may I, on behalf of my fellow-members from the province of Quebec, associate myself with the tributes of regard and affection which have just been paid to the hon. member for St. Antoine-Westmount (Mr. White), whom we consider as one of us and of whom we are proud. Mr. White is a living example of the characteristics which should distinguish the true Canadian—broadness of mind, tolerance, moderation, generosity in his relations with all his fellow-citizens. I wish him many more years of life. Again, on behalf of my French-speaking fellow-members from the province of Quebec, I say to him that we are happy to salute him here as one of us.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): There is really nothing anyone can add to what has already been said, but we in this corner should like to join with the others in our meed of appreciation of the services of our friend Mr. White. At this particular time there are no opposition parties whatever, and I am sure that for once, at least, we are all in entire accord.

Mr. R. A. PELLETIER (Peace River): I am sure no words from a member as humble as I am could possibly add anything to what has been said by those who have preceded me to-day; nevertheless I think I have a special privilege inasmuch as on various occasions I have been associated with the hon. member for St. Antoine-Westmount, he being the oldest member of the House of Commons and I the youngest. The only possible tribute I could pay to the hon. gentleman is to say that when later on I have occasion to look back over my past, I trust that my political record will be as happy and as honest a record as that of my hon. friend.

CIVIL SERVICE

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. ALPHONSE FOURNIER (Hull) presented the first report of the special committee to inquire into the operation of the Civil Service Act, and moved that the report be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CREAM SEPARATORS—IMPORTATIONS

Mr. LEADER:

1. How many cream separators were imported into Canada from Sweden in 1938?
2. What was the rate of duty imposed?
3. Does the new trade treaty with the United States affect the duty on Swedish cream separators imported into Canada?
4. If so, to what extent?

Mr. RINFRET:

1. 13,371.
2. Twenty-five per cent.
3. Yes.
4. Under the Canada-United States trade agreement, effective January 1, 1939, cream separators are dutiable at 12½ per cent ad valorem. Sweden, being a most favoured nation, enjoys the benefits of this trade agreement.

*REGISTRATION OF EX-SERVICE MEN FOR NATIONAL SERVICE

Mr. MacNEIL:

1. Has the government given approval to the proposal that ex-service men be registered for national service?
2. Will the government accept the records compiled as a result of the survey to be made of ex-service men?
3. If so, for what purposes will the information be utilized, and by what department?
4. Are there conditions that warrant any partial registration for national service?
5. Will further steps be taken to undertake registration of all citizens?

Mr. MACKENZIE (Vancouver): I should like to reply to this question orally.

1. The proposal for the registration of ex-service men was entirely a voluntary cooperative proposal emanating from the organized ex-service organizations.

2. The approval of the government was not in any way required for this purpose, but the ex-service organizations courteously informed the government of their proposals and were informed that the information which would be made available would be welcome.

3. The information should be of general benefit, but it has not been decided to use it for any specific purpose.

4. That is entirely a matter of opinion.

5. As far as voluntary efforts are concerned, the government has no information; and as far as government policy is concerned, the government has never considered taking any such action.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MONTREAL HARBOUR—SAMUEL J. MAGUIRE

Mr. WERMENLINGER:

1. Was one Samuel J. Maguire employed as millwright by the Montreal harbour in 1909 or 1910?

2. If so, is this Samuel J. Maguire the same man who was subsequently in charge of important mechanical equipment in grain elevators and shed freight hoists and acted as master mechanic for the Montreal harbour commission from May 1, 1930, to April 5, 1938?
3. Did the said Samuel J. Maguire invent different safety devices for the benefit of the harbour of Montreal, including an apparatus for guarding against overloading of garners, and dust seals to prevent grain dust from going into the air and causing explosions?
4. Is this the same man whose position was abolished in interest of efficiency, as stated on page 681 unrevised *Hansard* of February 3, 1939?
5. Is this man in receipt of a pension?
6. If not, what are the reasons?

FEDERAL BUILDINGS IN TORONTO

Mr. CHURCH:

1. What buildings are owned by the government in the city of Toronto?
2. What is the assessed value of each of such buildings?
3. What is the assessed value of the land on which each such building is located?
4. What vacant sites, or parcels of land, are owned by the government in the city of Toronto?
5. What is the assessed value of each such site, or parcel of land?
6. Will any subvention or bonus be given Toronto towards the cost of supplying government buildings, exempt from taxation by law as crown property, with such services as fire and police protection, water supply and other civic services?

BERWICK, N.S. GOVERNMENT BUILDING

Mr. BROOKS:

1. Did the Department of Public Works recently complete the construction of a government building at Berwick, Kings county, Nova Scotia?
2. If so, is the department aware of alleged unsatisfactory condition of the building, and are the contractors being compelled to rectify the same?
3. What were: (a) the name of the building inspector; (b) his qualifications; (c) wages paid?
4. What were: (a) the cost of land on which the building is constructed; (b) cost of building, exclusive of land?
5. What were the names of any other party or parties employed by the department in connection with the construction or completion of the building, and what respective amounts were paid to each?

COLONEL GEORGE MCLEOD

Mr. KENNEDY:

1. Was Colonel George McLeod, of Edmonton, Alberta, in the employ of the federal government in the year 1936?
2. If so, what position, or positions, did he hold?
3. When was he appointed?
4. At what salary?
5. Was he allowed an expense account, and, if so, how much?
6. What is the total amount he received for the above position, or positions: (a) in salary; (b) for expenses?

[Mr. Wermenlinger.]

YOUTH TRAINING AND FARM TRAINING PLANS

Mr. WALSH:

1. Was the farm training plan devised with the intention of taking boys out of the cities and placing them on farms?
2. How many boys have been placed through this plan in the various provinces?
3. How many of these came from cities?
4. How many farmers' sons and farm hands have been paid for under this plan in the various provinces?
5. Are any steps now being taken to ensure that the youth training plan and the farm training plan shall take care of the unemployed youth in the cities?
6. Has the government investigated and audited the statements concerning work done under the youth training and the farm training plan?
7. If so, with what results?

TWEED, ONT., PUBLIC BUILDING

Mr. WALSH:

1. Did the government acquire a site for a public building at Tweed, Ontario?
2. If so, from whom was said site purchased?
3. What sum was paid for the same?
4. Was opposition to the location of said site expressed by the council and citizens of Tweed at a public meeting?
5. Did the municipal council of Tweed offer to exchange the property with the government in order that the site for said public building might be centrally located?
6. If so, was such exchange made?
7. Was the site first acquired exchanged for another site?
8. If so, what was the value of the site acquired by such exchange?
9. What was the assessed value of each of the sites above referred to?
10. From whom was the site taken in exchange acquired?
11. Is the site lastly acquired centrally located?
12. Has the council of Tweed expressed objection to the location of the site lastly acquired?
13. What buildings are located on each of said sites?
14. What amount has been voted by parliament for the purchase of a site and the construction of a public building at Tweed?
15. Have tenders for the construction of said building been received, and what is the amount of each tender?
16. Has a contract for the construction of public building at Tweed been awarded?
17. If so, what is the name and address of such contractor, and the amount of such contract?

UNEMPLOYMENT RELIEF—ASSISTANCE TO UNEMPLOYABLES

Mr. MacINNIS:

1. Does the dominion government give material aid assistance to unemployable persons on relief in cities and municipalities on a fifty-fifty basis with the province?
2. Did the Department of Labour inform the provinces early in 1938 that it would not give material aid assistance to unemployable persons after a certain date, March 31, 1938, or some other date?

3. Does the government give material aid assistance to unemployable persons in cities and municipalities in British Columbia on a fifty-fifty basis with the province?

4. If so, is any class of unemployable persons in any municipality in the said province excluded from receiving such material aid assistance?

5. If the dominion gives material aid assistance to unemployable persons, how many persons in each province received assistance under this head for the month of January, 1939, or the latest month for which information is available?

MOTIONS FOR PAPERS

TWEED, ONT., PUBLIC BUILDING

Mr. WALSH:

For a copy of all correspondence, reports, recommendations, resolutions of municipal council, valuations, title deeds, abstracts of title, protests as to the location or other documents or writings in any way relating to the purchase and exchange of a site or sites for a public building at Tweed, Ontario.

Also a copy of all estimates, tenders, contracts or other documents in any way relating to the construction of a public building at Tweed.

NATIONAL DEFENCE

REPORTED REQUEST OF ADVISORY AIR COUNCIL FOR RESIGNATION OF MINISTER

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): I desire to direct a question to the Prime Minister (Mr. Mackenzie King). Has the Air Defence Council of Canada communicated with the Prime Minister requesting the resignation of the Minister of National Defence (Mr. Mackenzie) because of unsatisfactory conditions with regard to air defence, as reported in the Winnipeg *Free Press* of March 10 in a news dispatch over the signature of Major Moore?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I submit that is not a question which should be asked on the orders of the day, nor do I think it is a question that requires an answer. I would however say to my hon. friend that I have had no communication of the kind mentioned, and if I had I would answer it pretty sharply.

UNEMPLOYMENT RELIEF

UNEMPLOYMENT AND AGRICULTURAL DISTRESS—UNDERTAKINGS IN GENERAL INTEREST AND FINANCIAL ASSISTANCE TO PROVINCES

Hon. NORMAN McL. ROGERS (Minister of Labour) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to provide assistance in the alleviation of unemployment and agricultural distress and for such purpose to authorize the execution of undertakings in the general interest of Canada and requisite for the purposes of the act, out of moneys appropriated by parliament, and also to provide financial assistance to the provinces by way of loan, advance or guarantee, out of unappropriated moneys in the consolidated revenue fund, and for the appointment of necessary officers, clerks and employees.

He said: We listened a few moments ago to a speech by the hon. member for St. Antoine-Westmount (Mr. White) which will be remembered and treasured by all who heard it. As one of the younger members of the House of Commons I should like to extend my own good wishes and to express the hope that the hon. member may enjoy long years of happiness and usefulness to this country. His presence here has been a benediction, and the example of his public life an inspiration to all of us.

In other years when a resolution similar to this has been before the house I have presented a brief survey of the relief situation resulting from unemployment and agricultural distress, and a more detailed statement of the results obtained under the various measures adopted by the government to deal with unemployment in its various aspects. I intend to follow the same course to-day. When the legislation which will follow the adoption of this resolution is presented a little later, there will be further opportunity to answer questions and provide additional information on questions of policy and administration.

The first part of my task is simplified by the fact that during the debate on the address in reply to the speech from the throne I dealt at some length with the statistics of relief and unemployment, and placed upon the record a number of tables based upon the national registration of relief recipients which was commenced under the national employment commission in September, 1936. Since that debate closed, figures have become available for later months, and I intend to place those figures before the house.

Before presenting a statistical survey of the relief situation, however, I want to take strong objection at this time to certain glaring distortions of the true position which have appeared from time to time in some of our newspapers and periodicals. I do so because I believe that responsibility and freedom go hand in hand; and freedom of the press becomes an empty phrase unless it is directed to the service of truth and the destruction of error. So far as relief and unemployment are concerned my position from the beginning has been that it was the part of wisdom to search out and present the truth, however

unpleasant it might be. Only by doing so can we know as a government the full measure of the task before us.

With that object in view we provided for a national registration of those in receipt of relief; and from the commencement of that registration we have published a monthly press release giving a summary of the latest available figures, with a comparison with the figures in the preceding month and also the same month in the preceding year. Those figures have separated agricultural aid from unemployment aid, and have also separated employables from heads of families and individuals who were dependent and unemployable. With the regular publication of these figures obtained through the national registration it has been possible to follow the changing trends of the relief situation from month to month and year to year. But the fact that these figures have been available has not prevented certain newspapers and periodicals from grossly distorting the true picture. Repeated references to "over a million persons on unemployment relief" were being given wide publicity in September last, when 553,111 persons across Canada were registered as receiving material aid; and that number included children and aged dependents, unemployable and partially employable persons as well as farmers and their families, whose needs certainly did not arise from any lack of work. Actually at that time the employable persons being assisted numbered 114,460; yet we read of "hundreds of thousands of Canadian workers on relief."

Perhaps no subject related to unemployment has been exposed to more misrepresentation than that of the transients. In January of this year a Canadian periodical, *Maclean's* magazine, in a leading editorial stated:

> This month, at least 80,000 Canadians will be wandering back and forth across the country, without homes, without work, without definite relief status.

And this, the editorial stated, was a conservative estimate. No information was furnished as to the source of the estimate. Not to be outdone, a few days later one of the daily papers came out in an editorial with the information that there are said to be anywhere from 100,000 to 185,000 transients in Canada. Here again no indication was given as to who said there were such numbers. As a matter of fact, from a survey conducted by the Department of Labour in January information was obtained from reliable sources, the provincial governments and the two railway companies, showing that outside of those being cared for by the joint federal and provincial plan the transients, as defined in *Maclean's* magazine, numbered less than ten thousand.

I want to refer to another figure, again grossly distorted, that has been given wide currency in this country. It has been said that the number of idle young people in the country has reached a total of over 400,000. So far as I have been able to discover, that figure originated in a census survey, so-called, conducted by the Canadian Youth Congress. I do not for a moment question the motives of those who conducted this survey. The Canadian Youth Congress believes that there is a serious youth problem in this country, and I do not question that there is such a problem. What I do question is the technique of research which was adopted by those who made this astonishing computation of over 400,000 idle young people in Canada. Let me indicate briefly to the house, if I may, just what follows the publication of a figure of this kind. When the Canadian Youth Congress issued this figure it was made quite clear, for example, that it included young women as well as young men. But I have seen many a headline, arising from that survey, suggesting that there were 400,000 idle young men in Canada. Surely no one would suggest for a moment that the publication of information of that kind, unless it is based upon most authoritative evidence, can do other than harm not only to this country but to the very group whom the Canadian Youth Congress desire to serve. I have in mind, for example, an article which appeared in the Philadelphia *Enquirer,* a newspaper published in the United States, which has a wide circulation. This is the headline, bearing out what I said a moment ago:

> 450,000 Idle Youths Pose Grave Problem for Canada.

Then it goes on to explain that this information was obtained from a census survey conducted by the Canadian Youth Congress. I think it may be worth while to spend just a moment or so to explain how this total was arrived at.

In the first place it was not a census survey in the strict sense of that term. It was not even a sample census survey, based upon the actual investigation of conditions in any one city or group of cities. It was merely a computation obtained by a series of arbitrary deductions from the total number of young Canadians between the ages of fifteen and thirty, as given in the census of 1931. And I am informed, I believe reliably, that after making the various deductions, the figure of 465,000 remained. Remember, it includes those from fifteen to thirty years of age; but it

also includes those within that age group who are living on farms in this country. The explanation given to me was that these young people are not regarded as being gainfully employed. Well, Mr. Speaker, I did not have the good fortune to be brought up on a farm, but I have had some experience with farming operations; and to suggest that those included in this total who are living on farms in this country are not gainfully employed is surely a wide exaggeration of the truth.

Miss MACPHAIL: They are employed, but not gainfully; there is a distinction.

Mr. LAPOINTE (Quebec East): But they are not idle.

Miss MACPHAIL: No. They are employed, but they are not paid.

Mrs. BLACK: I would suggest to the minister that I know they get their living on the farms.

Mr. ROGERS: Certainly. Surely there cannot be any question with regard to the danger—and I use that word advisedly—of having gross exaggerations of the unemployment situation spread about this and other countries in such terms as I have just described. If newspaper editors wish to criticize those charged with responsibility for unemployment and relief, they are perfectly free to do so. I do not want it to be thought for one minute that in what I have said just now I take the slightest objection to criticism of policy. But I do take the ground very strongly that one cannot separate freedom from responsibility, and I suggest that those who write these editorials or who use these figures ought, before they are published, to take some reasonable care. If they do not use the official figures, then they might very well provide in the article itself the source of the information they have obtained.

Mr. HEAPS: Have we any official source?

Mr. ROGERS: So far as criticism is concerned, may I say that I would think the millennium had come if newspaper editors refrained from criticism.

Mr. LANDERYOU: Has the minister any figures to give us?

Mr. ROGERS: Yes. I will proceed to that presently, if my hon. friend will just be patient.

Freedom of criticism does not imply the right to misrepresent and distort facts upon which complaints are based. To do so is not an attack on governments; in effect, it is an attack on the country. Its result cannot be otherwise than to undermine confidence at home and abroad. I suggest further that it does damage to the country in much the same way as a gross exaggeration of casualties would do damage to the country, if it were engaged in war.

As I said a moment ago, I shall now turn to the latest available figures on unemployment and relief, from the national registration. I shall place these figures before the house; and after having done so, I am going to make some comparisons between the totals of the various classifications this year and this month, and in previous years.

Preliminary figures showed that the grand total of all classes of persons on urban and agricultural aid in January was 978,000, an increase of almost eight per cent over the December figure, as revised to date, but 3·7 per cent less than in January, 1938. The dominion total of unemployed but fully employable persons on aid in January of this year was 180,000, representing an increase of eleven per cent from the December total of 162,000. The figure for January of this year represented an increase of nearly seven per cent over that for January a year ago. A total of 662,000 persons were receiving non-agricultural aid in January of this year, or 9½ per cent more than in the previous month. This category includes all totally unemployable, partly employable and fully employable persons, together with all dependents and family heads. This aggregate shows a net increase of about five per cent from the figure for January, 1938.

Although unemployed persons receiving aid showed, as usual, a seasonal increase from December to January, and brought the January total above that of the same month in 1938, the grand total of persons of all classes in receipt of aid showed a decrease from the year before. The number of farmers and members of their families in receipt of agricultural aid continues to show a decline from the year before. Some 67,000 farmers who, together with their dependents, account for a farm population of 316,000, were reported as receiving agricultural aid for subsistence in January. Of these persons 270,500 were located in Saskatchewan alone. The dominion total on agricultural aid, while up 4·3 per cent in January over December's revised figure, was almost eighteen per cent less than in January, 1938. The January total of farmers and their families on aid in Saskatchewan, while continuing to hold the improvement over the total a year ago, increased by three per cent over the total for December, 1938, but was still more than nineteen per cent lower than in January a year ago.

Briefly, one may say with respect to agricultural aid that in the past year there has been some improvement. With respect to urban aid, which may more properly be called unemployment aid, there has been an increase in the total number. That applies also to the total of those on aid, in so far as unemployment is concerned, including also their dependents.

Mr. HEAPS: Is the minister in a position to give the house the number who at present are unemployed and not on relief?

Mr. ROGERS: Well, Mr. Speaker, this matter has been discussed time and again in the house—

Mr. HEAPS: It is very important.

Mr. ROGERS: I shall be pleased indeed to take note of the question of my hon. friend, but all that we have with respect to the number of those unemployed is, as he well knows, an estimate which is prepared on an index basis by the bureau of statistics, and which is made available from month to month.

Mr. COLDWELL: Like the youth congress.

Mr. ROGERS: No, I would say it is based on an entirely different technique from that followed by the youth congress. By the way, since my hon. friend has raised that point, I shall return to the question of the 400,000 figure, which has been mentioned. Actually, according to our own figures, the number of those within the age group supposed to be covered by the youth congress estimate, and on relief, was 26,000. That was the number of those within that age group who were registered as being in receipt of relief.

Mr. MacNEIL: Does that include all those who would be cared for by the various charitable agencies?

Mr. ROGERS: No; it includes those receiving government assistance.

Mr. WOODSWORTH: Does it include those being cared for by their parents?

Mr. ROGERS: I have no doubt that those cared for by their parents have never appeared on the list of those who are in receipt of aid. Why should they?

Mr. LANDERYOU: There are many between—

Mr. SPEAKER: Order.

Mr. ROGERS: If my hon. friends proceed they will discover that everyone in this country, including members of the House of Commons, is unemployed. Further, in the last census of the western provinces I believe we have perhaps the best indication of the incidence of that particular problem. I have not suggested that there is not a problem. All I have objected to is the exaggeration of that problem. Let us try to face it as it is; but by all means do not let us exaggerate it.

Mr. HEAPS: May I ask the minister a question?

Mr. ROGERS: Will my hon. friend permit me to continue.

Mr. HEAPS: If I may?

Mr. DUNNING: We shall be going into committee.

Mr. HEAPS: Has the minister any figures at all to give the house at this time in regard to the unemployment situation in the country? All the figures he gave were with regard to the unemployed on relief.

Mr. LAPOINTE (Quebec East): He is making his speech.

Mr. HEAPS: That is a fair question.

Mr. ROGERS: I was going to point out that in the last census conducted in the western provinces, those who took the census took first a record of those between the ages mentioned who were actually on relief. Possibly at the same time they took a census of those within that age group who, while not on relief, were reported as being unemployed. The number of those classified as unemployed was about four times the number registered as unemployed and on relief. The inference to be drawn is that if you have a statement showing those within the age group who are on relief and multiply it by four you will have a pretty fair indication of the total number within that age group who are unemployed.

Mr. WOODSWORTH: That is before the depression?

Mr. ROGERS: No; that was according to the last western census, which, as hon. members will recall, was taken in 1936, five years after 1931. I suggest that this is probably as close an approximation to the true figures as we are able to obtain at the present time.

I was going to place before the house a comparative statement of the relief situation, with respect to both agricultural and unemployment relief, for the past two years. I believe this may serve to show that we have been making substantial progress over that entire period, despite the setback which occurred during recent months. These figures are:

Fully employable persons:

(a) Total, January, 1939—180,000; although this was 6·8 per cent over January, 1938, it was 29·2 per cent less than January, 1937.

(b) Average monthly number, January to December, 1938—148,189. This was less by 20·8 per cent than January to December average in 1937.

Total on urban aid:

(a) Total, January, 1939—662,000; although this was 4·8 per cent over January, 1938, it was 22·9 per cent less than in January, 1937.

(b) Average monthly number, January to December, 1938—557,525. This was less by 15·5 per cent than January to December average in 1937.

Total on agricultural aid:

(a) Total, January, 1939—316,000, this was less by 17·5 per cent than January, 1938, and less by 1·2 per cent than January, 1937.

(b) Average monthly number, January to December, 1938—314,578. This was more by 2·8 per cent than January to December average in 1937.

Total on urban and agricultural aid combined:

(a) Total, January, 1939—978,000; this was less by 3·7 per cent than January, 1938, and less by 17·0 per cent than January, 1937.

(b) Average monthly number, January to December, 1938—872,103. This was less by 9·7 per cent than January to December in 1937.

General comparison of trend:

Comparing figures for the months January to December, 1937 and 1938:

(a) Grand total on aid is less in all months in 1938 than in 1937 except months of July and August which are slightly higher in 1938 than in 1937.

(b) Fully employables are less in each month in 1938 up to and including September; October, November and December, 1938, are slightly above 1937.

(c) Total on urban aid is less in each month in 1938 up to and including September; October, November and December, 1938, are slightly above 1937.

(d) Total on agricultural aid for each month in 1938 is substantially above 1937, up to and including August; September to December, 1938, are substantially less than in 1937.

Mr. QUELCH: Do those figures include those who are taken care of under the farm placement scheme?

Mr. ROGERS: They are not included in these figures, but that information will be placed on the record in a few moments. With the consent of the house, and for the information of hon. members, I should like to place on *Hansard* a number of tables setting out the information which I have just conveyed in these comparisons.

Table No. 1 will give the comparative totals of persons on aid in September to January in the last three years.

Table No. 2 will give the percentage changes in dominion totals of persons on aid in September to January in the last three years.

Table No. 3 will give the comparative totals of fully employables on aid in September to January in the last three years, showing percentage changes.

Table No. 4 will show the percentage distribution by provinces of totals on aid in November, 1938.

Table No. 5 will show the percentage distribution of heads of families and individuals, by degree of employability, on aid in November, 1938.

Table No. 6 will show the comparative totals of persons on agricultural aid in the province of Saskatchewan in September to January in the last three years.

Table No. 7 will show the comparative totals on material aid, that is, urban and agricultural aid combined, in January for each year from 1933 to 1939.

Mr. SPEAKER: The minister must have the unanimous consent of the house to place these tables upon *Hansard*.

Some hon. MEMBERS: Agreed.

Mr. ROGERS: The tables are as follows:

Table No. 1 From the National Registration

Comparative Statement of Dominion Totals of Persons on Aid in September to January of each of the last 3 years

(Figures for December, 1938, and January, 1939, are unrevised)

	Total persons on urban aid	Total persons on agricultural aid	Total persons on urban and agricultural aid
1936—			
September	707,293	248,327	955,620
October	729,527	279,269	1,008,796
November	750,906	295,461	1,046,367
December	805,357	309,952	1,115,309
January, 1937	858,456	319,775	1,178,231
1937—			
September	455,839	269,076	724,915
October	470,811	331,235	802,046
November	513,475	363,073	876,548
December	580,341	376,583	956,924
January, 1938	631,974	383,191	1,015,165
1938—			
September	444,292	110,990	555,282
October	473,261	174,275	647,536
November	532,197	259,954	792,151
December	604,000	303,000	907,000
January, 1939	662,000	316.000	978,000

Table No. 2

From the National Registration

Percentage Changes in Dominion Totals of Persons on Aid in September to January of each of the last 3 years

(Figures for December, 1938, and January, 1939, are unrevised)

	Percentage change 1938-9 from 1936-7	Percentage change 1938-9 from 1937-8
(i) Urban aid—		
September	—37·2	— 2·5
October	—35·1	+ 0·5
November	—29·1	+ 3·6
December	—25·0	+ 4·1
January	—22·9	+ 4·8
(ii) Agricultural aid—		
September	—55·3	—58·8
October	—37·6	—47·4
November	—12·0	—28·4
December	— 2·2	—19·5
January	— 1·2	—17·5
(iii) Urban and agricultural aid—		
September	—41·9	—23·4
October	—35·8	—19·3
November	—24·3	— 9·6
December	—18·7	— 5·2
January	—17·0	— 3·7

Table No. 3

From the National Registration

Comparative statement of dominion totals of fully employable persons on aid in September to January of each of the last 3 years

(Figures for December, 1938, and January, 1939, are unrevised)

	1936-7	1937-8	1938-9	Percentage change 1938-9 from 1936-7	Percentage change 1938-9 from 1937-8
September	206,423	116,690	114,460	—44·6	—1·9
October	214,271	121,622	123,837	—42·2	+1·8
November	221,165	136,286	142,537	—35·6	+4·6
December	237,694	153,918	162,000	—31·8	+5·3
January	254,189	168,488	180,000	—29·2	+6·8

Table No. 4

From the National Registration

All persons and their dependents in receipt of urban and agricultural aid month of November, 1938

Dominion and provincial summary—numbers and percentages

	Numbers	Percentages
A.—All persons on urban or agricultural aid (Total of B and C below)		
Dominion	792,151	100·0
Prince Edward Island	1,159	0·1
Nova Scotia	7,232	0·9
New Brunswick	No registration	
Quebec	126,329	15·9
Ontario	221,600	28·0
Manitoba	46,126	5·8
Saskatchewan	287,235	36·3
Alberta	43,454	5·5
British Columbia	59,016	7·5
B.—All persons on urban aid		
Dominion	532,197	100·0
Prince Edward Island	1,011	0·2
Nova Scotia	7,232	1·4
New Brunswick	No registration	
Quebec	121,323	22·8
Ontario	212,629	39·9
Manitoba	44,390	8·3
Saskatchewan	60,716	11·4
Alberta	32,840	6·2
British Columbia	52,056	9·8

Table No. 4—*Continued*

C.—All persons on agricultural aid	Numbers	Percentages
Dominion	259,954	100·0
Prince Edward Island	148	0·1
Nova Scotia	....	....
New Brunswick	No registration	
Quebec	5,006	1·9
Ontario	8,971	3·4
Manitoba	1,736	0·7
Saskatchewan	226,519	87·1
Alberta	10,614	4·1
British Columbia	6,960	2·7

Table No. 5

From the National Registration

Heads of families and individual persons of both sexes in receipt of urban aid
Month of November, 1938

Classified by degree of employability—Dominion distribution by percentages

	Fully employable	Partially employable	Unemployable	Total
Heads of families	78·5	12·0	9·5	100·0
Individual persons	53·7	24·7	21·6	100·0
Total cases	71·6	15·6	12·8	100·0

(i.e., heads of families and individual persons.)

Table No. 6 From the National Registration

Comparative Statement of Persons on Agricultural Aid in September to January of each of the last 3 years

Province of Saskatchewan

(Figures are final except September, 1938, to January, 1939, which are subject to some revision)

	1936-7	1937-8	1938-9	Percentage change 1938-9 from 1936-7	Percentage change 1938-9 from 1937-8
September	130,394	234,792	85,025	—34·8	—63·8
October	157,005	295,383	146,708	— 6·6	—50·3
November	169,420	323,022	226,519	+33·7	—29·9
December	175,227	331,229	262,000	+49·5	—20·9
January	178,595	334,862	270,500	+51·5	—19·2

The above figures for Saskatchewan for January, 1937, 1938 and 1939, represent the following percentages of the dominion total of persons on agricultural aid and of the dominion total of persons on urban and agricultural aid respectively:—

	January 1937	January 1938	January 1939
Per cent of dominion agricultural aid	55·9	87·4	85·6
Per cent of dominion urban and agricultural aid	15·2	33·0	27·7

Table No. 7.

Comparison of Grand Totals of Persons on Material Aid (i.e., urban and agricultural aid combined) in the Month of January, from 1933 to 1939

January, 1933	1,363,742
January, 1934	1,292,075
January, 1935	1,245,125
January, 1936	1,326,088
January, 1937	1,178,231
January, 1938	1,015,165
January, 1939	978,000

January, 1933, showed the highest figure of any January since the dominion commenced participation in the cost of material aid. The net reduction from January, 1933, to January, 1939, was 385,742 or 28·3 per cent.

Mr. MacNEILL: Do those figures include men now in the camps in British Columbia?

Mr. ROGERS: The figures for those in the camps, along with those who are registered under the farm employment plan, are kept separately inasmuch as they are regarded as being in employment. So much for the relief situation as it presents itself to us at this time.

I shall turn now to the various measures which have been adopted by this government under previous relief legislation to deal with unemployment. The relief act of last year and the acts of previous years conferred power upon the governor in council to enter into

agreements with the provinces for the alleviation of unemployment and agricultural distress. Somewhat more than a year ago a separation was made between agricultural aid as given in the drought areas and other forms of relief assistance. It was felt that agricultural aid in the drought areas should be combined closely with other forms of assistance being given in those areas by the Department of Agriculture, and that all forms of relief in those areas should be administered by that department. That has been done. Therefore, agreements with respect to relief in the drought areas are entered into by the Minister of Agriculture (Mr. Gardiner) with the provinces concerned.

In so far as unemployment relief is concerned, the dominion government has entered into a number of agreements with the provinces designed to assist those provinces in the alleviation of distress, in the provision of work for the unemployed and in certain additional measures of rehabilitation. Let me deal first with the grants in aid to the provinces for the purposes of giving assistance by way of material aid. As is well known to members of the house, the system under which the dominion grants monthly sums of money to the provinces for this purpose was set in motion at the early stage of the depression. It was initiated as an emergency measure; it has been continued as an emergency measure, but as the years have passed, in the very nature of things, it has assumed more and more the aspect of a fixed policy.

There has always been a question whether this method of giving grants in aid to the provinces for the alleviation of distress was the best and most economical method by which the dominion could discharge its responsibilities in relation to this great problem. I am not going to discuss that question at great length this afternoon, nevertheless, I feel I should say this. It has been represented from time to time that the national employment commission had recommended specifically that the dominion government should take over the entire burden of unemployment relief. That is not the case. If one will examine the report of the national employment commission it will be found that this commission made two sets of recommendations with respect to the administration of relief. One set of recommendations had regard to what was described as the existing constitutional position; the other set of recommendations had regard to the situation which would arise if and when it was found possible for the dominion parliament to enact an unemployment insurance measure. I think it is well that this position should be clarified at this time. So far as the existing constitutional position is concerned, the national employment commission approved in general the policy whereby the initial responsibility was placed upon the municipalities and provinces, with financial aid given by the dominion under conditions which would provide for efficient and economical administration. I have no desire to detain the house by reading any long extract upon this point; but it will be useful, in order to remove any misconception in this regard, if I quote from page 14 of the final report of the national employment commission. The quotation is as follows:

> The recommendation of the commission for handling the existing situation whereby aid is accorded by the dominion for the relief of distress by means of grants-in-aid to the provinces was dealt with at some length on pages 15, 16 and 17 of the interim report.
>
> At that time it was pointed out that the commission strongly recommends that, so long as the present constitutional basis exists, the method introduced in 1934 of granting aid on a temporary basis, without definite or adequate control, should be abandoned by the dominion and the following basic principles accepted:
>
> 1. That the primary responsibility for the relief of distress should remain with the municipal authority and/or the province;
> 2. That the dominion should contribute thereto only when in its view it is shown that a practical necessity exists because of the unusual nature or extent of the distress;
> 3. That the dominion should attach such conditions in the granting of such aid as it deems necessary and proper with due regard to (a) careful coordination of effort, and (b) supervision through the designation of a proper dominion authority.

That is the position which has been maintained up to this time. When I had occasion a year ago to refer to the recommendations of the national employment commission and state the position of the dominion government in relation thereto, I indicated that the government was prepared to give consideration to any such readjustment of responsibilities in relation to unemployment as might emerge from the royal commission on dominion-provincial relations. There may be some hon. members who will say that this is simply another evidence of the desire of the government to escape its responsibility in this matter. It may be urged that we are seeking shelter behind the constitution. On the contrary, instead of taking shelter behind the constitution in this matter, we are merely respecting that division of authority with respect to social welfare which has been laid down by the constitution; and I have little patience, if I may say so, with those who are continually saying to the government regarding these matters, "Do not

allow the constitution to stand in the way." If that attitude is persisted in by those who hold responsible positions in political parties in this country, the result cannot be other than to discredit the constitution, and I should like to remind particularly the hon. member for Winnipeg North Centre (Mr. Woodsworth) that it is by a gradual process of attrition of that kind that constitutions have been whittled away. By all means let us seek for amendments of the constitution, but let us do it by the open door and not by subterfuge and evasion.

Like my colleague the Minister of Finance (Mr. Dunning) I have had in these last few years some experience with the administration of social services on a basis of dual responsibility. I shall not conceal from the house that when I studied this question in the abstract, before I entered parliament, I was impressed with the possibilities of co-operation in this field of dual responsibility. I have not entirely rejected the possibility of cooperation, but I have found by experience that this indefinite area which applies particularly to social services in this country is not only susceptible of cooperation but is perhaps even more susceptible of conflict and friction. Therefore when it has been urged upon me from time to time as Minister of Labour that in the absence of any constitutional changes, before serious consideration of any constitutional changes and without such information as may proceed from the royal commission on dominion-provincial relations, we should take over the entire burden of relief, I have said that we should not assume financial responsibility without securing administrative control. I submit that this is the only position with regard to this matter that can be taken by those whose attitude toward it must be based upon a sense of official responsibility.

It may be that from the point of view of efficiency and economy it will be preferable in due course for the dominion government to assume a larger degree of control over certain social services. The Minister of Finance has already indicated his own conviction that this is so with respect to old age pensions. It may be desirable to extend that field. But I suggest seriously to hon. members that, when we do it, let us know what we are doing. Let us try to define our responsibilities. Because I know of nothing that has done more to impair confidence in our federal system than the impression which is being created time and again that this or that government is seeking to escape its responsibility. And it becomes possible to make those charges only to the extent that we maintain this indefinite area, this enlarging area of dual responsibility. I should like to see us ultimately come to a point where, with respect to the greater part of that area, it will be so divided as to leave no doubt in the mind of any man as to where the responsibility lies.

As the situation is now, under dual responsibility we may have provinces saying that the dominion is not taking its fair share of old age pensions—and is not taking its fair share of unemployment relief. We may have, on the eve of an election, a group of provinces emphasizing that unless the dominion takes a larger share of financial responsibility with respect to some of these services there will be such a protest as may be embarrassing to the government in power. I have not forgotten some of the undertakings that were given in the election campaign of 1930 with respect to old age pensions, when in certain provinces it was suggested that the dominion government might contribute as much as ninety-nine per cent of the cost of old age pensions and yet leave the administration with the provinces. Is it possible to imagine a greater violation of that principle of public finance which requires that those who spend public money should have the responsibility of imposing the taxation that produces the revenue?

I would suggest to my hon. friend from Winnipeg North Centre, who I know is keenly interested in the amendment of the British North America Act, because he has taken the part of a pioneer of that movement in this parliament, that nothing has done more to postpone the adoption of a reasonably flexible amendment procedure than the repeated surrender of the dominion government to provinces who have declined to discharge their own obligations unless they were financed by the dominion government in doing so.

Mr. LANDERYOU: How else can they do it?

Mr. ROGERS: They could agree to an amendment to the constitution under which responsibility could be concentrated either in the one authority or in the other.

Mr. WOODSWORTH: In the meantime, may I ask, what about the unemployed and others who are suffering?

Mr. ROGERS: Surely that is an irrelevant question. Does my hon. friend mean to suggest that in so far as the unemployed person is concerned there is any difference

as between the existing method of administration and another method of administration that may be followed—

Mr. WOODSWORTH: Yes, I do.

Mr. ROGERS: —when that area is divided among several authorities?

Mr. WOODSWORTH: We face a national emergency and in this national emergency there are a great many municipalities that are simply not able to provide the necessary help the unemployed require to-day.

Mr. ROGERS: On that point, may I say that this government has been aware of that situation from the time it came into office. The very first action we took with respect to unemployment was to increase grants in aid to the provinces by seventy-five per cent in order to assist the municipalities. Not only that, but in the order in council providing for that increase we provided that the increase should be passed over to the municipalities; and, by a series of measures which I shall detail later, we have given assistance in other forms to municipalities. More recently it has been announced that pending the final determination of this difficult problem we as a dominion government are ready to assume, along with the provinces, forty per cent of the total cost of material aid.

If that proposal is accepted by the provinces in the terms in which it was made, it will mean that the municipalities will not be required to pay more than twenty per cent of the cost of material aid, and I suggest to my hon. friend, on the basis of the figures which we have obtained and with which I think he is familiar, that this twenty per cent would not represent more than a proportion of the total problem which might be described as that of unemployables and indigent cases. Certainly, from the figures I have obtained from the provinces, that would appear to be a fair inference, that twenty per cent of the total cost of material aid would represent just about the cost of maintaining unemployables and indigents.

The municipalities that have had their difficulties in recent years have not experienced those difficulties simply because they have been called upon to pay a particular percentage of the current costs of material aid. The municipalities that have suffered most have done so because of the cumulative effect of funding relief costs over a period of years, and that I submit to my hon. friend is not a question which can be dealt with as a matter of policy by the dominion government. It is a question which can be submitted properly to any general review of dominion-provincial relations, and I believe it has been so submitted to the royal commission on dominion-provincial relations on behalf of the Canadian municipalities.

Mr. DUNNING: But it is solely within the power of the provinces.

Mr. ROGERS: It is entirely within the power of the provinces to determine what share of relief costs the municipalities will bear, and it is also within the power of the provinces to give permission to the municipalities as to whether they can fund their relief costs or otherwise.

In the last few moments I have been trying to put to the house some of the cogent reasons which have led the government to follow this policy of giving grants in aid to the provinces for unemployment relief, maintaining that policy at least until such time as there can be a clear and intelligent redefinition of responsibility with respect to social welfare as between the dominion and the provinces; and I submit that on the basis of our experience in past years, the arguments to support that position are valid and are arguments which must have commended themselves to any government holding responsibility in this matter at this time.

So far as the past year is concerned, the agreements entered into with the provinces were framed in terms recommended by the national employment commission. We put into effect in those agreements most, if not all, of the specific recommendations made by that commission. I am bound to say that some of the recommendations did not prove to be as satisfactory in practice as they appeared to be in prospect. That fate, of course, befalls many recommendations, but for the most part we have been able to carry out those recommendations of the national employment commission which were designed to bring about a more economical and efficient administration of relief under this system of dual responsibility.

The total amount appropriated last year for grants-in-aid was $17,500,000. That was divided among the provinces upon as fair a basis as we could devise. In each province the maximum was controlled by a percentage. We have kept very close to that appropriation during the past year. We have also permitted the provinces that desired to do so to substitute works or training plans for direct relief. In a number of provinces that has been done. Here again that alternative was incorporated in the agreement with the full approval of the national employment commission. I regret to say that the provinces in general have not taken kindly to the

suggestion that training plans should be substituted for relief with respect to the older unemployed men and women. Some provinces have taken much more kindly to the view that the money assigned to the provinces for unemployment relief should be spent in providing work instead of relief, through a public works program. I may speak particularly of the province of Quebec in that respect. That province took the position very strongly that they were in favour of a broad public works program which would afford employment to all who were idle. We, as a dominion government, took the position that if a province wished to follow that method it might use our contribution to do so, but that we would not and could not pay more to a province to carry out that method of providing relief than we would to those provinces that were by preference administering a system of direct relief. In the nature of things one has to allow some latitude with respect to programs which are applied in the different provinces. We have not been arbitrary in our dealings with the several provinces. We have as far as it lay in our power done our utmost to cooperate with them in carrying out policies which were designed to relieve the unemployment situation within their boundaries.

I come now to other expenditures under the relief act of 1938-39. These expenditures are set out in the supplementary estimates of the present fiscal year. I am not going to comment at any length on the various items, but it might provide the house with some indication of the scope of the work done if I mention each of them in passing.

The first is to provide for commitments under relief settlement agreements with provincial governments. That plan was initiated under the preceding administration. It is a plan whereby families on relief are taken from our populous towns and cities and placed upon selected land with some financial assistance designed during the four year period to make them self-supporting. This plan has worked out reasonably well in some provinces; in others it has been abandoned. I shall be glad to give full details when the bill itself is in committee. I would say, however, that opinion in a number of provinces is turning definitely in the direction of broader schemes of agricultural reestablishment. When this is done, my view is that so far as the dominion government broader schemes of agricultural reestablishshould come from the Department of Agriculture and not from the Department of Labour. It seems to me that agricultural matters ought to come within the purview of the department that assumes responsibility for agriculture throughout the country. The Department of Labour entered into these land settlement plans because they developed within what might be termed the structure of relief administration. They are being continued, and as I said, I shall be pleased to place before the house the details of the success attending them in the various provinces.

Mr. MANION: Has the minister at hand the total number of people reestablished on the land in the manner he mentions?

Mr. ROGERS: Yes, I have that here. The total is not impressive in relation to the entire problem. Relief settlement agreements continue in force in the provinces of Quebec, Manitoba and Alberta.

In Quebec there are at the present time settled on the land 3,123 families with 15,578 dependents, a total of 18,701 individuals. During the present fiscal year 1,452 families have been settled with 6,777 dependents, or a total of 8,229 individuals.

In Manitoba there are at the present time settled on the land 1,057 families with 4,354 dependents, or a total of 5,411 individuals. During the present fiscal year 275 families have been settled with 1,206 dependents, or a total of 1,481 individuals.

In Alberta there are at the present time settled on the land 568 families with 2,170 dependents, or a total of 2,738 individuals. During the present fiscal year 136 families have been settled with 520 dependents, or a total of 656 individuals.

The number of abandonments during the current year is very small. Of those noted above as being settled during the fiscal year the following abandonments have been noted: Quebec, nil; Manitoba, thirteen; Alberta, six.

Mr. MANION: Has the minister the total of those figures he gave?

Mr. ROGERS: I have not, and I am not a lightning calculator, but I shall be glad to note that question and give the total later.

Mr. QUELCH: To what extent are these families self-supporting?

Mr. ROGERS: Many of them become self-supporting at the conclusion of the four years of assistance. Of course much depends upon the quality of the land on which they are settled; even more depends upon the quality of the settler himself. I have visited some of the districts where these families have been settled, some in Ontario north of Cochrane, some in New Brunswick, some in Manitoba,

and it is interesting to see how neighbouring farms present a striking contrast. The explanation nine times out of ten is not the quality of the land but the quality of the individual. One settler had some training in agriculture and was ready to work; another was apparently quite willing to take the subsistence allowance during the four years and then go on relief. I am not saying that in any way as an indictment of the policy in general, but my experience has been that a great deal depends upon the selection of individuals.

Mr. LANDERYOU: Will the minister have the figures when the bill is brought down?

Mr. ROGERS: Yes, I shall try to have all figures the house may require.

Mr. McNIVEN: Was that scheme made available to Saskatchewan?

Mr. ROGERS: It was made available to all provinces; it was adopted in a number of provinces which later abandoned it. I shall note that question also and have the information available.

Mr. COLDWELL: In what year was the policy first adopted?

Mr. ROGERS: It was in the period of the late administration; I would not care to say the year offhand.

Mr. COLDWELL: Was it 1931?

Mr. ROGERS: I am inclined to think it was 1931 or 1932.

Mr. McLEAN (Melfort): Is it not the case that in Saskatchewan there are many thousands, over eight thousand families, being settled on the land under a slightly different scheme but at the expense of the dominion government?

Mr. ROGERS: That is correct, but that particular measure was designed to remove families from the drought areas to the northern part of Saskatchewan.

Mr. McLEAN (Melfort): And from the cities as well.

Mr. ROGERS: Yes. Originally that project was under the Department of Labour, but two years ago it was transferred to the Department of Agriculture.

Mr. McINTOSH: That is on a fifty-fifty basis, is it not?

Mr. ROGERS: Yes. The next item is to provide for commitments and completion of works in connection with federal contributions to provincial and municipal relief projects.

[Mr. Rogers.]

That is a re-vote and requires no further comment at this time. I merely say that last year, instead of entering upon a broad program of joint works with the provinces through the Department of Labour, it was decided that those departments which had the more immediate responsibility with respect to certain projects should enter into the agreements for such projects. It followed, therefore, that the Department of Mines and Resources assumed responsibility last year for the appropriation for highway construction, and this was confined largely to tourist highways and sections of the Trans-Canada highway.

The next item is for the completion of the Winnipeg sewage disposal project. That, again, requires no further comment at this time.

The next is to provide for outstanding claims for direct relief under the Relief Act, 1935.

The next is to provide for federal contributions to farm employment and supplementary plans; a re-vote for commitments was also included in this. As to the farm employment plan it has been in operation now for the past three years. The results I think are known to many hon. members. In 1936-37 under this plan the total placed was 47,665, and in 1937-38 the total was 42,733. For 1938-39 the total as of March 13 was 30,465. Hon. members will recall that this plan was devised in order to provide shelter, food and some agricultural experience for young unemployed men who otherwise would be on relief or having temporary shelter in hostels established in the larger cities of western Canada.

Mr. DOUGLAS (Weyburn): Has the minister the number of applications in the same period?

Mr. ROGERS: I have not those figures here at the moment. But while my hon. friend is on his feet I want to take exception to a statement attributed to him when he was discussing this farm employment plan in Ottawa not long ago. I hope he has been incorrectly reported, but here is the statement of my hon. friend, which is presented here as an indictment not of the plan itself but of the youth training program; which, if I may say so, indicates a degree of ignorance with respect to government policy which is not easily excused in an hon. member of this house. This is what was said by my hon. friend, speaking to a group of unemployed in the city of Ottawa.

"Out west they give a fellow $5 a month to act as nursemaid to a herd of cows," he remarked.

Above that there is this statement:

Youth training projects were criticized by T. C. Douglas, M.P., in an address before the Ottawa Single Unemployed Men's Organization on Tuesday afternoon.

Mr. DOUGLAS (Weyburn): It was not I who associated them; it was the writer of the article.

Mr. ROGERS: Does my hon. friend deny making that statement?

Mr. DOUGLAS (Weyburn): Not at all, but it was not I who associated them.

Mr. ROGERS: I am glad to have that correction; but even so I do suggest that my hon. friend is not doing justice to himself or to the group of which he is a member when he makes that sort of comment upon a scheme of this kind. We have reason to know that large numbers of those who have been placed upon farms under this plan were retained by the farmers concerned on a wage basis after the special bonus was withdrawn at the end of April. And even though he and I might wish that these men could be employed at prevailing wages, surely my hon. friend would admit that this plan is far more wholesome in its effects than the concentration of these single unemployed men either in hostels in our cities or in relief camps somewhere in the wilderness. If that is not the view of my hon. friend I should be glad to have him say so.

Mr. SLAGHT: Or the $25 a month they do not get.

Mr. ROGERS: Yes. The next item is to provide for the development of training projects for unemployed young people. I am not going to enter into any detail at this time with respect to the youth training program. There is another resolution on the order paper which will be dealt with when this matter is concluded, and that will provide perhaps a more convenient opportunity for a discussion of the details of the youth training program. Again, however, if I may be permitted to comment upon what has been said in another house, I want to take exception to what was said by the leader of the opposition in the other house a few days ago with respect to the youth training program.

Mr. MANION: I do not think the rules of the house permit the minister to do that. I am not defending the leader of the Conservative party in the other house, but I do not think we have any right to enter into a discussion with regard to what happened there.

Mr. ROGERS: At all events it has been stated by one who ought to know better, regardless of where he now is, that out of those receiving training under the youth training program only twenty-five were actually placed in employment. I want to make it clear that the reference as it appeared in the record was confined to the province of Quebec; but I hold in my hand an article appearing in the Vancouver *Sun* which makes no reference to this placement of twenty-five persons as having occurred within any single province. The suggestion is, and there must have been some warrant for it, that this was an indictment of the entire youth training program. As a matter of fact under that national program some 3,282 were placed in employment, which is a very different story from 25. It does seem to me, reverting to what I said in the beginning in regard to carelessness in the presentation of information of this kind, that those who hold positions of high authority as elder statesmen ought at least to take the trouble to ascertain the facts before they make statements of this kind.

I come next to an item for the rehabilitation of unemployed persons. That was a new vote last year, and followed the recommendations of the national employment commission. As soon as the vote was passed letters were sent to all the provinces asking for their cooperation in projects designed to retrain and physically recondition older unemployed men. Thus far three provinces have adopted plans of this kind—Ontario, Manitoba and Alberta. I may say to the house that it has been found much more difficult to secure cooperation in projects for the training of these older unemployed men than it was to secure cooperation in connection with youth training projects. Again I have no desire to detain the house with details at this time; there will be an opportunity to discuss this vote when the bill itself is in committee.

These various measures, Mr. Speaker, do not by any means represent the program adopted by this government to deal with unemployment. These joint arrangements with the provinces have provided much work in themselves. They are moving also towards the reestablishment of many of those who are unemployed. But it would be an entire mistake to assume that the policies of this government in relation to unemployment are confined to these expenditures which have taken place under the relief act during the past year.

At this stage I want to refer, if I may, to what has been done in connection with housing. The national employment commission selected the building industry out of all others as the one which held the greatest promise of expanding employment under

careful government stimulation. Every recommendation made by the national employment commission with respect to housing has been carried out, I suggest, in spirit if not in letter including the home improvement plan, which was inaugurated in 1936; and the plan for low rental housing, which was included in the National Housing Act of last year, and we went beyond the recommendations of the commission in affording a further stimulus to the construction industry through the Municipal Improvements Assistance Act. Under the home improvement plan there has been to date an expenditure of $25,340,000 across Canada.

Mr. MASSEY: As of what date?

Mr. ROGERS: As of March 15. That has been expended on the basis of the assistance given by the federal treasury in the form of a guarantee. An analysis of the loan applications indicates that approximately forty-six per cent of the amounts spent went for masonry, carpentry and plastering; twenty-four per cent for plumbing and heating; sixteen per cent for painting; nine per cent for roofing, and the other five per cent for electric wiring, mechanical equipment and installation. A further analysis indicates that approximately 16,175,000 man hours of labour have been provided and approximately $10,977,000 has been distributed directly as wages and other earnings in the building trades. That is simply under one of the proposals made by the national employment commission, and carried into effect by this government.

In so far as housing generally is concerned, the Dominion Housing Act of 1935 has been completely renovated and is now producing effective results. I consider members of the House of Commons are under great obligation to the Minister of Finance (Mr. Dunning) for the manner in which that moribund legislation was eventually brought to life, because from the time it was adopted until this government assumed office no loans whatever had been made under it. I believe that is correct.

Mr. DUNNING: No loans were made until after we came into office.

Mr. ROGERS: Yes. It was revised last year, as part of the National Housing Act. Two other parts were added: Part II dealing with low-rental housing, and Part III providing for the remission of taxes on houses valued below $4,000 built upon land owned by the municipalities. May I say in passing that while the low-rental housing plan has not yet produced that degree of success we would have wished, nevertheless it has received the complete approval of the national housing conference which met in Toronto just a short time ago. A resolution passed by that conference in 1939 is as follows:

> Resolved that in the opinion of this conference, the legislation embodied in part II of the National Housing Act, 1938, is, in general soundly conceived, and that those provinces which have not already passed the necessary enabling legislation be urged to do so; and that a copy of this resolution be forwarded to the federal and provincial governments, and to the Canadian Federation of Mayors and Municipalities.

So I think we are entitled to say that, apart altogether from the delay as yet in the submission to and acceptance of low-rental housing projects by municipalities or limited dividend corporations, the legislation itself appears to have been skilfully drafted, and drafted in a manner which has received the full support of those who are able to speak with some authority on this type of legislation.

Judging from the results attained under other sections of the National Housing Act and under the Home Improvement Plan, I think we may expect with confidence that once these arrangements are fully understood and once reluctant provinces give their approval to the plan, it will provide a means whereby a great deal of additional employment will be afforded in most of the provinces of the dominion.

Mr. GREEN: Which provinces have passed the legislation necessary to enable the municipalities in those provinces to carry out low-rental housing?

Mr. ROGERS: I have not that information at hand. As my hon. friend is perhaps aware, the National Housing Act comes under the administration of the Minister of Finance. I refer to it only to illustrate part of the policy of the government with respect to employment.

Mr. DUNNING: I shall give that information later.

Mr. ROGERS: But my hon. friend is perhaps aware that projects of limited dividend corporations require no guarantee at all.

Mr. DUNNING: They require no provincial legislation, in any event, except in so far as the municipality is concerned.

Mr. ROGERS: Under the National Housing Act, apart from the figures I have given with respect to the home improvement plan, there has also been a marked increase in the loans granted, and therefore in the labour provided to those who are unemployed.

In that connection may I say a word with respect to the Municipal Improvements Assistance Act. That act was also passed last session and was intended to give a further stimulus to the construction industry. It did require the approval of the provinces to place it in operation. Under that act the following expenditures have been made to date:

British Columbia	$1,570,635
Alberta	754,133
Saskatchewan	750,200
Manitoba	179,031
New Brunswick	405,000
Prince Edward Island	7,000
Total	$3,665,999

The total available under the Municipal Improvements Assistance Act is $30,000,000. Perhaps I should have said before that the total available under the home improvement plant was $50,000,000. Under the Dominion Housing Act and the National Housing Act, low-rental section, the amount is $100,000,000. So by these acts this government has made available these vast sums of money for building or for self-liquidating municipal projects. I ask if my hon. friends in the far corner of the house could ask for any better illustration of how the national credit has been brought to the assistance of our provinces and municipalities in connection with this urgent problem of providing useful employment? Under the Dominion Housing Act the total expended thus far is just under $30,000,000.

Mr. BLACKMORE: I should be interested to learn how many applications have been refused.

Mr. ROGERS: There have been very few refused under the Municipal Improvements Assistance Act. There are pending applications covering the amount of $371,000. Therefore it is quite evident from the figures I have that there have not been many rejections.

Mr. DUNNING: There have been some.

Mr. ROGERS: I have no doubt there have been some.

Mr. DUNNING: But not many. And those rejections have been only because the applications did not come within the four corners of the act.

Mr. HOMUTH: Reference has been made to provincial enabling legislation. Are there some provinces which have not passed that legislation?

Mr. ROGERS: Oh, yes. I would say that applies particularly to Ontario and Quebec; those provinces have not approved, but the others have. As I said a moment ago, expenditures under the National Housing Act to date have been just under $30,000,000.

Mr. MASSEY: Not under "The National Housing Act?"

Mr. ROGERS: Under the Dominion Housing Act and the National Housing Act.

Mr. MASSEY: That was the "moribund legislation" to which the minister referred.

Mr. ROGERS: Yes. Those expenditures have been widely distributed, and I doubt very much if any member of the house could argue that everything within reason had not been done to stimulate the housing industry of this country. As yet I have not mentioned the remission of the sales tax on building materials. That, too, was brought about at the last session.

There is every reason to believe that once fear is removed and confidence returns, and the people are willing to make advance commitments, the full effect of this legislation will become apparent. And it will be recognized that, far from having done nothing in relation to the problem of unemployment, this government has done as much as any government could do in order to stimulate the building industry of this country.

Some hon. MEMBERS: More.

Mr. ROGERS: And, Mr. Speaker, that is not all. The government has also taken effective measures to stimulate the mining industry. One of the first measures in the first budget of the present government was designed to provide for the remission of income tax of mining companies operating in improved areas during their early years of production. Also, in cooperation with the provinces we have expended some $5,000,000 in improving transportation facilities into mining areas. No one can doubt for a moment that these measures have had their due effect in expanding employment in that great industry which perhaps has done more than any other to provide us with confidence and with expanding employment through these years of depression.

I want to refer to some other expenditures which were made by the government, partly as a means of providing immediate employment but chiefly as a means of stimulating some of the basic industries of this country and in due course expanding our national income. Hon. members may recall that when the supplementary estimates were brought down last year, acting under instructions from the government I made a brief statement which covered some of the more outstanding of those expenditures. I should like to refer to some of these. As I go along I would point out that these expenditures could not by any stretch of the imagination be

regarded as wasteful or extravagant. They were intended rather to conserve and develop the great resources of this country.

A total of $1,310,000 was set aside for the improvement of road transportation into new mining areas. A total of $300,000 was provided for geological surveys. An amount of $3,500,000 was set aside for highway improvement, apart from mining roads. Of this amount, $1,000,000 was set aside for the removal of level crossings, which was in addition to $500,000 provided in the main estimates for the same purpose. Another item in this group of expenditures which was designed to assist the tourist industry was that of $450,000 for the restoration and development of historic sites. There are some who tell us from time to time that there have been no useful works accomplished as a result of these expenditures for relief. That is far from the truth. I would say that of the total expenditures from 1930 to the present time at least two-fifths are represented in works useful to the community. Only the remaining three-fifths may be said to have been expended for direct relief.

Mr. DUNNING: That is over the whole eight years.

Mr. ROGERS: Exactly. Even that three-fifths I suggest was spent for the conservation of what after all is a vital resource of this country. To say that that money has been wasted is doing violence to our intelligence. It may have been possible to add much more to the money expended for direct relief and construct more works. That might have been done, but the question which after all must be faced by any government is as to how far it can go with public expenditures without destroying that degree of confidence which is essential to the expansion of private investment. There is a prudential limit within which the government must keep in its public expenditures.

There is every reason why, with respect to unemployment, expenditures on public works may be expanded in a period of depression. On the other hand, surely there is no logic in those who say in one breath that there must be retrenchment on the part of the government and, in the next breath, that the government is following the wrong policy in not putting all those who are idle and on relief at useful work. We have had some experience with respect to these matters. No one would doubt for one moment in general terms the advantage of having those who are unemployed at work, but the question we have to consider is whether by increasing public payrolls to a great extent you may not deny yourselves the opportunity of expanding private payrolls. I believe it is the considered experience of all countries, including those which have tried other policies, that there is no real solution for unemployment in any vast program of public works designed to take up the entire slack of unemployment.

As I have suggested, it is sound policy to expand certain types of public works which not only provide employment but develop resources and increase the national income. But apart from that it cannot be urged that there is any magic or virtue in that type of policy which finds a solution for unemployment in the construction of public works.

Mr. HEAPS: What is going to happen to the other half million unemployed?

Mr. ROGERS: I am glad my hon. friend was the one who raised that question. He represents a labour constituency, and I wonder if he has seen a bulletin which was issued recently by the American Federation of Labour dealing with this very point. My hon. friend himself has said in times past that public works are a palliative and not a cure.

Mr. HEAPS: Yes.

Mr. ROGERS: Let me place upon *Hansard* at this time the considered opinion of the American Federation of Labour. I think it is of great significance, particularly in view of the apparent change in the relief policy of the United States. This is the quotation:

> The absorption of the unemployed and the creation of work opportunities for all who are able and willing to work, in private industry, have ever been a part of the economic philosophy of the American Federation of Labor. We have consistently sought to achieve these purposes.
>
> During all the years intervening between 1929, when unemployment became a serious national problem, until the present moment the executive council has cooperated with the government, with industrial management and with all other groups in order that working men and women thrown out of work might find a new place and new positions in private industry. Both time and experience have clearly vindicated the position assumed and maintained by the American Federation of Labor upon economic, social and industrial problems.
>
> We are firmly convinced that various forms of government spending, either in the distribution of relief or in the development and maintenance of work projects designed to supply relief wages to unemployed, can only serve as temporary measures and cannot and do not provide a permanent solution for unemployment.

I suggest that such statement, coming as it does from the American Federation of Labour, has very special significance and importance at this time.

I have not touched upon all the special expenditures which were made in the past year in order to develop the basic resources of our country. Over $7,000,000 was expended on the expansion of harbours and rivers. There was also the money devoted to the Grand River conservation project, and $1,000,000 for canal improvements. The sum of $650,000 was spent on the encouragement of the fishing industry. There was the expansion of facilities for air transportation through assistance given not only to trans-Canada airways but also to municipal airports. There was the provision for rehabilitation and water storage in the prairie provinces, a second line of defence against the recurrence of drought. Some $3,500,000 was included in the estimates for that purpose.

I suggest that in the light of what has been done through direct assistance to the provinces and municipalities, what has been done under agreements with the provinces for work programs, what has been done through the stimulus given to the mining and housing industries, what has been done in order to expand municipal improvements in the form of self-liquidating projects, what has been done in a dozen different ways to conserve and develop the great resources of our country and expand our national income, no one can seriously urge that this government has not met the challenge of unemployment.

Mr. HEAPS: I would say that.

Mr. ROGERS: I am glad my hon. friend has said that, because I am prepared to discuss it at any time and at any place. We will doubtless have other opportunities when this legislation is before the committee. But let me ask my hon. friend, what ways could he suggest to cure unemployment? Does he believe that Germany has cured unemployment?

Mr. HEAPS: No.

Mr. ROGERS: Or Italy?

Mr. HEAPS: No.

An hon. MEMBER: What about Russia?

Mr. ROGERS: Or Russia?

Mr. HEAPS: What about New Zealand?

An hon. MEMBER: New Zealand has.

Mr. ROGERS: By no means.

Mr. COLDWELL: Oh, yes.

Mr. ROGERS: In the United States, the great country across the boundary, according to figures issued by the Canadian Welfare Council there were recently 21,000,000 on relief, and the total unemployed is 12,000,000. That government, I suggest, has carried out in its policies all those spectacular notions which hon. members have in vain urged upon this government.

Mr. LANDERYOU: Included in the number of those on relief are those who are working on government projects.

Mr. ROGERS: Yes; but unfortunately, as my hon. friend is aware, government projects have a tendency to continue indefinitely; that is the great difficulty in connection with the works progress administration projects in the United States. In Great Britain within the last month the number of unemployed reached a total of 2,039,000, and that despite the vast rearmament program of that country.

Mr. LAWSON: What country is that?

Mr. ROGERS: Great Britain. That is the number of unemployed, not of those on relief. As a matter of fact, the position in Canada, difficult though it is, and let us face it, is not as difficult as that in other countries. Why cannot we take encouragement from the fact that the situation in this country is relatively better than it is in others.

Mr. MASSEY: That does not make it good.

Mr. ROGERS: Why is it that far fields are always so green? There are those in other countries who look upon the position here with envy and respect, and I say that with some knowledge of the facts.

Mr. LAWSON: Would my hon. friend permit me? I have no desire to be a carping critic, but surely one can hardly make a comparison when everybody who is unemployed in the United Kingdom is under an unemployment insurance scheme and has an income coming in, compared with the poor unfortunate devil in this country who is out of employment and not on relief.

Mr. ROGERS: That is not so. My hon. friend surely must be aware that a person in Great Britain is in receipt of unemployment insurance for only a limited period, a certain number of weeks, and when that period has expired he has to receive relief on precisely the same basis as in this country.

Mr. LAWSON: My hon. friend is not suggesting that there are 2,100,000 unemployed on relief in the United Kingdom. He was

talking about their being unemployed; but a large number of them are under the unemployment insurance scheme.

Mr. ROGERS: I think I can assure my hon. friend that for the most part they are not receiving a greater allowance than, under our relief system, heads of families are receiving in Canada.

Mr. LANDERYOU: Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. ROGERS: I shall be pleased if my hon. friend can retain his question; we can deal with it in committee. I take no satisfaction from suggesting that conditions here or there are worse than they are in Canada, except in so far as it does indicate that we in this country have no ground for despair at this time. I have no patience with those who continually look upon the worst side of the situation in this dominion. As a matter of fact, when it is considered that in the last two years we have had not only a world depression to contend with, which we have in common with other countries, but also prolonged drought, which has taken a large part of our agricultural area out of production—

Mr. LANDERYOU: We still have that.

Mr. ROGERS:—and when it is considered also that, despite the sharp recession in the United States in the latter part of 1937 and 1938, our figures of employment kept relatively constant, there is evidence here of the recuperative powers of this young country; and if only we had more faith in the recuperative powers of Canada, if only leaders of industry had more faith in the recuperative powers of Canada, it would be possible, I say—

Mr. HOMUTH: Give them a chance.

Mr. ROGERS: — for us to make a substantial reduction in the number of unemployed this year. My hon. friend objects to my referring at all to the leaders of industry.

Mr. HOMUTH: I do not. I say, give them a chance.

Mr. ROGERS: I do not refer to leaders of industry in any other way than to point out to them, as I have done before and shall do again, that the challenge of unemployment is not a challenge directed only to governments. And those who speak for the leaders of industry, particularly through such newspapers as the *Financial Post,* that, as I have said, in one breath cry for government retrenchment and in the next condemn this government because it has not provided work for those on relief—

Mr. MacNICOL: That is because of the tariff policy.

Mr. ROGERS: —are simply bedeviling the entire situation. I say that advisedly and deliberately, and I will not hesitate to say it again.

What of the future?

Mr. MacNICOL: Pretty sad-looking.

Mr. ROGERS: I think we can look forward with reasonable confidence to an extension of employment during the year 1939. A little more than a month ago there was in the British House of Commons a debate upon unemployment. In that debate the government of the United Kingdom was chastised, criticized and condemned for its failure to do the very things that we or any other group of men as a government would be condemned for having failed to do in recent years. I think it was the president of the board of trade, who pointed out that the basic cause of unemployment throughout the world to-day was an abnormal contraction in international trade, an abnormal contraction in private investment, and a persistence of fear through international tension which, if continued, would place an even greater burden upon governments. Surely we can understand that international tension, which has continued almost without any interval of peace in the last two years, has deterred many a business man from making forward commitments, from investing his money in industry. If tension continues, governments must accept their responsibility in meeting the situation. As a result of that, this government had to assume greater burdens than otherwise it would have assumed.

Fortunately there is some ground for believing that this fear which has haunted the world in the last two years may be receding, and with its recession there may be a return of that confidence which will permit business men once more to expand their activities on the basis of the expected consumption of their products. If, with that relief of international tension, there comes also a return to more sensible policies of trade in countries which have turned away from international trade to economic nationalism, then this great exporting country will have once more an opportunity to build up in western Canada that market, that store of purchasing power not based on paper certificates, but based on the sale of goods, which will provide a means for the development and expansion of the industries of central Canada.

As one charged with responsibility in connection with unemployment and relief, I have tried to see the picture as it really is.

In these days one lives continually in an atmosphere of distress; but never at any time has this government, or its Minister of Labour as a member of this government, adopted an attitude of defeat and despair. If this parliament in its discussions of unemployment and relief will try to face the facts as they are, there will be no criticism on my part in so far as exception is taken to any feature of our policies. But if we can see what is good in the situation as well as what is disturbing; and provided there is a change in international factors which from the beginning have been beyond our control, and a willingness also on the part of citizens as well as governments to accept their obligations in relation to this problem, it is not too great for this nation to solve.

Mr. DENTON MASSEY (Greenwood): Mr. Speaker, again we have listened to a speech by the Minister of Labour (Mr. Rogers), purporting to review the condition of employment and unemployment in Canada for another year. I have listened with intense interest to what the minister has had to say, but I am forced to this one conclusion, that there has never been in this house a more frank and complete confession of failure than that to which we have just listened.

The minister commenced his speech admirably, as he always does, and he used a phrase which we should do well to remember. I took it down verbatim lest I forget: "The part of wisdom is to search out the truth and to present the truth." There is not an hon. member who will not subscribe to that. The minister sought out the truth, according to his own statement. Then, at the end of his speech, in his peroration, he gave the excuse which the government now employs for its failure to deal with this problem of unemployment and agricultural distress. That excuse was world conditions, and I could not help thinking, at the conclusion of his speech, of that celebrated night in his own city, during the course of the election campaign of 1935, when the right hon. the Prime Minister (Mr. Mackenzie King), as he is now, and others, spoke in a meeting maligning and vilifying the then administration, without a single reference to a world depression. From the point of view of what one says, what a difference it makes, apparently, where one sits in this house. Alibis and excuses! I say to you, Mr. Speaker—

Some hon. MEMBERS: Oh, oh.

Mr. MASSEY: Hon. members may laugh, but I am wondering what will happen in the next election when all they can present to the unemployed in their ridings is the bitter bread that the minister fed them to-day, the bitter bread of failure—the admission of complete failure to deal with this problem. Perhaps the laughter was slightly premature.

Then we listened as the minister progressed in his speech to his complaint in regard to the use of figures by some apparently, as he described them, irresponsible journalists, who are ignorant, who should know better. He complained that the figure of one million was given as representing those who were dependent upon relief in this country. Well, here is his own release dated Ottawa, March 15.

Mr. ROGERS: Surely my hon. friend will permit me to ask him a question. I said that at the time when the number on relief, according to registration, was some 544,000, it was being stated in newspaper editorials that there were a million unemployed on relief. My hon. friend is aware that there is a fluctuation in relief figures from month to month.

Mr. MASSEY: The insidious danger in the use of figures, as I shall demonstrate with reference to some figures which the minister himself has used, is that the point behind the figures is not made clear. Here is a figure that cannot be dodged—the minister used it himself this afternoon: 978,000 on relief, dependent upon relief, in the month of January, 1939, an increase of eight per cent over the same period last year. That is the figure. It will go out from this house this afternoon. Is it to be wondered sometimes that, in the midst of the distress which this country has experienced, such a figure as that is used perhaps incorrectly?

Then the minister went on to object to the use of the figures of 80,000 or 90,000 or 150,000 as the number of transients unemployed in this country. He said that the best estimate he could make, from sources which he regarded as reliable, was, I believe, less than 10,000.

Mr. ROGERS: According to the definition, yes.

Mr. MASSEY: Again we have the academic approach to the question—according to definition. Those housed in provincial and other institutions, hostels of one sort and another—what about them? As I stand in my place now, I tell you, Mr. Speaker, I know of scores upon scores of transients unemployed who are in receipt of charity, if you want to call it that, from private individuals. I know of hostels that are maintained by private capital, of which this government has no knowledge. I know of tens of thousands of transient unemployed receiving the benefit of private charity in this country, whom this government does not list at all and knows nothing about.

Then the minister went on further to complain of the number which had been given as representing the unemployed youth in Canada, the number which had been suggested by the Canadian Youth Congress—450,000, he said. He challenged that figure. Well, I wonder what it means to be a youth unemployed. I wonder what the academic definition of a youth unemployed is, which will reduce that figure to act as a salve to the conscience of the government. What difference does it make whether it is 150,000 or 500,000? In either case it represents a ghastly state of affairs in this country. And what is being done in connection with it? I shall deal with that question later.

The minister admitted that the youth congress, in arriving at a figure of 465,000, had included those who were on farms. Has the minister any idea of the number of young farmers who left their farms, went into the city, got some sort of work, lost it, then went back to the farms and are now waiting for a better day, being in the meantime looked after by the father and mother who are struggling to keep the farm going as best they can, with the added difficulty of having to keep a son?

Mr. WOOD: Could not that son—

Mr. MASSEY: The hon. member will have plenty of time to speak.

Mr. McLEAN (Melfort): He doesn't want to answer.

An hon. MEMBER: He is afraid of the question.

Mr. MASSEY: Who said that? Let him get up and say it. I want to make my argument consecutive, and there will be plenty of opportunity for the hon. member opposite to speak.

Mr. McLEAN (Melfort): I said that the hon. member did not want to answer questions. He has asked plenty himself, I might add.

Mr. MASSEY: Did I interrupt the minister in his speech?

Mr. WOOD: May I ask a question?

Mr. MASSEY: Ask your question, certainly.

Mr. WOOD: If the son goes back to the farm will he not earn his own board on the farm?

Mr. MASSEY: I do not mind a question, but I do not want a speech. The hon. member knows what I mean. He knows the point I have in mind. He knows that in his own constituency of Brant there are plenty of sons who went to Paris, Brantford and Toronto and are now back on the farms, waiting for an opportunity to return to the city. It may be for the moment they are earning their own keep, but they are those who could and would be gainfully employed and at the moment they are unemployed. That is the point. It impressed me that the whole matter is one which the minister was endeavouring to deal with by figures—figures—figures. After all, what is the size of this question in Canada; what is the extent, in figures? Anyone in this house knows that the size of the problem, the breadth of the problem, is the breadth of Canada, and the depth of the problem is the heart of every man, woman and child in this dominion. That is the size of the problem. Why are we worrying about figures? After all, we know that the situation is ghastly. But the government is not dealing with it accordingly.

The minister went on to discuss the question of cooperation with the provinces, the necessity for a change in the legislative approach in regard to the provinces themselves. He referred to the fact that one should seek any amendment to the constitution that we desire by "the open door"—I believe that was his phrase. Why not cooperation? In 1867—and I do not wish to splash about in history—this dominion was born, under an act known as the British North America Act. For years it progressed, progressed successfully under the spirit of that act. Then, somehow, we began to change our point of view in connection with it. To a new and widespread and ominous extent autonomous powers were assumed by the provinces, which insisted on one of two things, either an amendment to the act or reversion to our original interpretation of it, which meant in turn cooperation. But the minister referred to conflict and friction; conflict and friction, where cooperation might exist. Just as it was possible to gain cooperation, so there might be conflict and friction. Well, may I use a rather ancient platitude, which however seems to apply so well: It takes two to make a quarrel. If there is no cooperation due to conflict, both the federal government and the provinces are to blame. Then the minister referred further to efficiency and economy, and to responsibility without control, and he gave the house the benefit of his academic background in a most interesting pedantic discussion of the question of dual responsibility, of the right of the dominion, or the possibility of the dominion entering upon a realm now presided over by a province, and usurping authority. As far as the provinces are concerned, in so many

cases it is a question not only of ability to cooperate but of ability to provide. In the meantime, while these various difficult and moot points are being considered and discussed and debated in this house and outside of it, innocent victims to an unknown number are suffering.

I wonder if it would not occur to the minister that in his entire speech this afternoon he failed to bring to the attention of the house a single nation-wide constructive effort in the way of permanent employment.

Mr. MARTIN: The hon. member did not get it.

Mr. MASSEY: Well, I should like the hon. member to name one when he replies.

Mr. MARTIN: I certainly will.

Mr. MASSEY: It will be interesting. Not a single nation-wide project of a permanent character.

Mr. MARTIN: Can the hon. member name one of a permanent character?

Mr. MASSEY: Before I sit down I shall give to the government eleven constructive suggestions.

Mr. MARTIN: Of a permanent character?

Mr. MASSEY: Of a permanent character.

Mr. ROGERS: My hon. friend has asked a question, so perhaps he will allow me to answer it. What would he say, for instance, of assistance to mining roads and the mining industry, of national housing, of the home improvement plan, of the Municipal Improvements Assistance Act—and I could detail others?

Mr. MASSEY: I expect to deal with them all in detail. But in regard to the statement I have just made, the minister did not suggest any one nation-wide project of a permanent character. By "permanent" I mean the creation of some new—shall I say—economy in regard to a certain part or portion of this dominion which affects all of this dominion.

Mr. MUTCH: How long is "permanent"?

Mr. MASSEY: Not "much" longer for some.

I would say that it is very obvious, appallingly obvious, that on what the minister has suggested to-day as the path followed by the present administration, every step taken was a palliative and not a cure; that the problem has been temporized with rather than dealt with at its core. Let me illustrate what I mean. The National Housing Act, the Municipal Improvements Assistance Act, the youth training projects and other such matters were mentioned by the minister, along with the question of highways and such development as was carried forward in the mining areas, and so forth. I should like to deal briefly with one or two of these matters with which the minister himself has dealt. Let me take first the question of youth training. I fully realize that there is on the order paper a resolution in regard to youth training, on which such a discussion as this should properly be launched. On the other hand the minister himself brought the matter up this afternoon, accordingly I shall assume the right to answer the statement he made.

He objected strongly to a statement—his language was "It has been said by one who ought to know better in regard to twenty-five who were placed under the training plan." I have in my hand a pamphlet entitled, "Training Canada's Young Unemployed." I have read this pamphlet carefully. It is an official publication of the Department of Labour. Reading through the pamphlet, if one omits page 24, it reads like a real estate agent's description of a piece of property he has for sale. It is a most interesting booklet and well prepared, and lays out, may I say, many worthwhile and worthy projects. The plan was operated under a vote of the session before last of $1,000,000. The money was spent on various and sundry projects throughout the dominion. The statement that was made by the hon. gentleman "who ought to know better" was to the effect that of 13,542 young men who were given training in one province, twenty-five found jobs. The minister said 2,500, but in that case he had better re-edit his own pamphlet, because I am reading from it just as the hon. gentleman who made the statement.

Mr. ROGERS: Oh, no—

Mr. MASSEY: I know what the minister is going to say. He made his statement all-embracing of the result of all the efforts put forth, and I read that same statement and I do now re-read it. There were 13,542 men given training in one province, and according to this pamphlet twenty-five found employment.

Mr. ROGERS: But what I pointed out was that the statement as given was to the effect that this was the result for all of Canada. That was not the statement as it appeared in *Hansard*, but it was the statement that appeared in the press.

Mr. MASSEY: One can hardly blame the hon. gentleman if his statement is misconstrued in the press. After all, the statement in *Hansard* which I also read is clear and

distinct. We would hardly expect the minister to say the hon. gentleman should know better than make such a statement; the minister himself should know better than make the statement he made.

Mr. ROGERS: Certainly he should not have given that as an indication of the success of the scheme in all Canada.

Mr. MASSEY: He did not.

Mr. ROGERS: Yes, he did.

Mr. MASSEY: I shall be glad to deal with the success of the scheme, but I do not wish to do so just at the moment. The minister went on to discuss the effect of the act of this year. I have here, if I can put my hand on it, a statement in regard to the efficiency of the plan which shows very clearly the result of the efforts that have been put forward so far. I have in my hand a pamphlet which was put out by the minister himself shortly after the end of last session, entitled "What did parliament do?" The pamphlet states that "this is a difficult question to answer," and with that we entirely agree. It goes on to say:

> The memorandum is confined to parliamentary action directed definitely toward rehabilitation. It does not, nor is it intended to, cover the complete list of accomplishments last session.

Then it proceeds, through some fourteen pages of typewritten material, to detail the accomplishments of parliament in 1938. I have taken it upon myself to summarize those alleged accomplishments. What did parliament do? The first item is the Municipal Improvements Assistance Act, with an appropriation of $30,000,000. Loans to date total $3,102,668; advances by the government to date total $659,796, or 2·2 per cent of the total. Then under the National Housing Act, part 1, $20,000,000 was appropriated. Loans under this part total $7,931,575; the dominion's share amounts to $1,982,894 and advances by the government total $593,701, or 4 per cent of the total. Under part 2 of the National Housing Act the appropriation was $30,000,000. To date none of this money has been used. Under part 3, of course, there has been no appropriation at all.

There we have $80,000,000, as was blazoned across the front pages of the press of this country last session, introduced by the government to revive the construction industry; $80,000,000 that was going to make it possible for municipalities to undertake self-liquidating improvements; $80,000,000 that was going to provide houses for scores of thousands of our people. Eighty million dollars, and how we heard that in this chamber; what a great triumph it was for the government! Yet to-day only $1,253,497 out of that total has come from the government treasury, or 1·7 per cent. I claim that such statements as were made in this chamber last session were eyewash.

Now we come to youth training, for which $1,750,000 was voted last session, which amount included a revote of $290,000 from the previous year. The youth of Canada were looking to this government—I do not know why they should, but in some sections they continue to do so—in the hope that something might yet be done, their patience all but exhausted but still hoping against hope; and $1,460,000 was our grant for 1938-39. What has been spent to-day? Only $351,000, or 24 per cent.

Mr. ROGERS: If my hon. friend will permit me to correct that, as a matter of administration the provinces frequently do not send in their accounts for work done until months after the actual expenditures have been incurred, so this figure does not represent work done at all.

Mr. MASSEY: Mr. Speaker, I have here a letter dated Ottawa, March 4, 1939, over the signature "Norman McL. Rogers," as follows:

> In response to a telephone request from your secretary to my deputy the enclosed statement has been prepared showing the disbursements under two of the votes in the supplementary estimates for the present fiscal year, namely, votes 520 and 521.
>
> I trust that the information herein covers that which you desire.

Therein I find listed the figures I have just given.

Mr. ROGERS: That does not affect what I have just said. Those figures do not cover all the work done; they cover only the accounts that have come in.

Mr. MASSEY: Well, would the minister care to make a statement, during his remarks on the next resolution standing in his name, as to the amount that has been spent under these agreements this year?

Mr. ROGERS: Certainly.

Mr. MASSEY: It seems to me a serious thing that under date of March 4, which after all is less than a fortnight ago, a statement such as this should be put out, containing no mention whatever as to the period covered. I suppose the minister will say that statement is made by one who ought to know better, in other words the hon. member for Greenwood. I simply take what is given over his own signature. If I have misrepresented the facts I apologize to the minister;

but on the other hand it is obvious to me from the letter I have in my hand that only 24 per cent of the youth training appropriation has been expended to date. The results would give that impression, in any case.

Mr. ROGERS: The statement is correct.

Mr. MASSEY: If the hon. member for Essex East (Mr. Martin) has anything worth saying I wish he would say it, and not mutter to himself.

Mr. MARTIN: Will the hon. member let me say it?

Mr. MASSEY: Certainly, if it is worth hearing.

Mr. MARTIN: If the hon. member will permit me to say it—

Mr. MASSEY: If the hon. member has a question to ask I shall be delighted to give him the opportunity to do so, but I object to his muttering to himself. There is always the suspicion, when someone mutters, that he does not want even himself to hear what he is saying.

Now I come to the question of farm employment. In the pamphlet to which I have alluded we were told that $1,870,000 was granted for farm employment. Subject, I presume, to the same correction by the minister, to date $596,000 has been put to use, or 32 per cent. But Mr. Speaker, here are the facts of the case. The appropriations I have mentioned, totalling $83,330,000, represent 70 per cent of the grants listed in this extraordinary document "What did parliament do?" The other 30 per cent is essentially for public works of one kind or another, including grants in aid totalling $17,500,000. The amount of $20,000,000 for public works projects and the $17,500,000 have been essentially applied fully; but of the $83,330,000 only $2,200,497 or 2·6 per cent has been put to use. And then, Mr. Speaker, in the light of figures such as I have just used, the minister rose in his place this afternoon and said, in words which echoed through this chamber, "The government has taken every possible step to stimulate the building industry." Does the minister honestly believe that the government has taken every possible step to stimulate the building industry?

Mr. ROGERS: Within reason.

Mr. MASSEY: Does he believe they had to pass through two sessions, two and a half years of administration, before they changed that "moribund legislation"? Does he believe that the Dominion Housing Act, that "iniquitous act" which had to be changed, should exist for two and a half years before it was changed? Why was it permitted to remain on the statute books, if it was moribund legislation?—because, Mr. Speaker, in its own right it was doing a job.

Mr. MARTIN: Oh, oh.

Mr. MASSEY: Well, after all, I think the hon. gentleman who groans represents more fully than anything else the first syllable of the city from which he comes.

Mr. STEWART: A Windsor groan.

Mr. MASSEY: And that, after all, if he will look—

Mr. MARTIN: I missed that pearl of humour.

Mr. MASSEY: If the hon. member will look at the record he will find that operations under the Dominion Housing Act, providing as it did for houses of an average value of $4,000, were successful to the degree of about $25,000,000. I have not the exact figure in my hand. That was a fair fillip to the construction industry. But this "moribund legislation," even in the face of recommendations of the national employment commission, which came in a year and a half before, remained on the statute books for two and a half years before it was changed.

Mr. STEWART: And not changed much.

Mr. MASSEY: "The government has taken every step possible to stimulate the building industry." Shall I say "that statement is made by one who ought to know better"?—that was the minister's phrase. What about the years which have gone by? What about the lack of cooperation of the provinces? The old chestnut of provincial rights was not merely trotted out this afternoon by the minister; it was brought in with a blaze of glory. He referred to it very guardedly and carefully for the consumption of those in all the provinces, be the provincial government guilty of "conspiracy" or otherwise. Mr. Speaker, the admission this afternoon in the speech of the Minister of Labour was a most fatal admission; and if the Prime Minister (Mr. Mackenzie King) were listening—

Mr. MACKENZIE KING: I am listening; my hon. friend has no right to insinuate that I am not. I have no difficulty in hearing him.

Mr. MASSEY: I am sorry, Mr. Speaker. I was just judging by appearances. I did not think my right hon. friend was listening.

Mr. DUNNING: Well, he cannot help being bored.

Mr. MASSEY: If the right hon. gentleman had been listening this afternoon, intently, he would have heard his minister say—as he did—that every possible step had been taken to stimulate the building industry. I wonder if he feels that that is an accurate statement. He realizes also that his minister was compelled to make the statement—not in so many words, no—to make the statement that it was lack of cooperation between the federal government and the provincial governments that was nailing down the lid of the Liberal coffin more than any other single factor, so far as the efficiency of the government was concerned—handicapped and hamstrung on every angle by the absence of cooperation.

"We have taken every step possible to stimulate the building industry."—whereas all hon. members know the difficulty or the handicap in the way of stimulation is the lack of federal cooperation with the provincial governments.

Then the minister, toward the end of his speech, said "the government has met the problem of unemployment." I repeat, "The government has met the problem of unemployment." I wonder if those hon. gentlemen coming from industrial areas are prepared to go back to those areas, to meet the man on the street who is still unemployed or the youth who has yet to find his first job, and say, "Cheer up, old boy; all is well. The government has met the problem of unemployment. The Minister of Labour told me so."

Mr. MARTIN: The Minister of Labour did not say that.

Mr. MASSEY: He said it, word for word. I wrote it down as he said it—"the government has met the problem of unemployment." Perhaps that would be a statement for a stump speech on the hustings; perhaps it has been thrown out in the House of Commons for some purpose or another. But what purpose does a statement like that serve for the man who is still unemployed? The government has not met the unemployment problem. If the minister thinks for a single, solitary minute that such figures as he put on *Hansard* this afternoon indicate in any way, shape or form that the government has met the problem of unemployment, then he is wrong. There are 978,000 dependent upon relief in this country; tens of thousands of the youth of this country wandering about, trying to find something here or there—eking out an existence. "The government has met the problem of unemployment!" I think there has been no more damnable statement made than that in this House of Commons.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. The hon. member should not use that word.

Mr. MASSEY: If the word is objectionable, I would withdraw it—but the house knows what I mean.

Some hon. MEMBERS: Order.

Mr. DUNNING: Has he withdrawn?

Mr. MASSEY: "If the situation in Canada is relatively better, why should we not be pleased?" Those were more of the minister's honeyed words. If the situation in Canada is relatively better than it is in any other country of the world, why should we not be pleased? The fact that we may be better off in Canada than people in some other countries does not make the condition here as it should, or could, and must be. We are better off than they are in Czechoslovakia. We are infinitely better off than the peoples living in some of the European countries at the present time. That we well know, and we thank God for it. But that does not provide the government with an excuse or alibi for the fact that conditions are no better in Canada than they are.

"We have no ground for despair in Canada." We have no ground for despair of our country, but we have of the government. Yes, we have of the government. After all, we must perforce realize that we are faced with a situation which may not be very palatable from the point of view of those who occupy the treasury benches. But the fact remains that we have not done all we can by any manner or means to stimulate construction, or any other industry. And just because things may be relatively better in Canada does not make conditions here right. Because things are relatively better in Canada does not preclude the right of some of us in this house rising in our places and calling the attention of the government to a situation which they themselves know exists, but which they seem either unwilling or powerless to deal with. Either the government does not understand the problem or else it is unwilling to deal with it—or both.

Mr. SPENCE: They do not know how to deal with it.

Mr. MASSEY: The resolution before the house anticipates a measure to provide assistance in the alleviation of unemployment and agricultural distress. It seems to me extraordinary that two months of the session should pass before the problem facing the man on the street or the man on the farm is given any consideration by the government. Here is one of the greatest—possibly the greatest—problems facing Canada

today. Those are problems which, as I have already said, either directly or indirectly affect the life of every man, woman and child in the dominion. I am going to make no apologies this afternoon for discussing the subject matter of this resolution at considerable length, and attempting to present to the house the unvarnished facts. I do not fear the undesirability of laying such facts before the country. It is highly to be desired, especially in view of the speech to which we have listened this afternoon, that such facts be presented.

I shall not, however, attempt to discuss the problem of agricultural distress, though I plan to speak upon this great question at a later date. I realize fully that this problem is irreducibly linked up to its twin problem of unemployment and that a healthy condition of agriculture is tantamount to a prosperous Canada. Sufficient be it to say here that the government has treated the agricultural situation for the last three and a half years as a succession of emergencies. Under and by reason of this performance the problem of agricultural distress has in fact become a succession of emergencies. Surely the facing of these successive crises as isolated individual phenomena does not constitute an agricultural policy.

As I have just stated, the problem of unemployment and its resulting distress touches our national life at its most vital point. History tells that story. The urgency and need for swift and courageous government action is painfully obvious. I shall attempt to demonstrate before I sit down that it is the absence of such action that has caused and is causing the condition which we face in Canada at the present time. Not minimizing for a moment the value of efficient and equitable trade treaties—I certainly do not include the last two trade treaties——and of a large export trade, we must realize that we in Canada consume about eighty per cent of the goods we produce and manufacture within our own borders. Further, even though we are the fifth exporting nation of the world, we may claim only about four per cent of the total world trade.

The challenge to the government is to put Canadians to work in Canada and to realize to the fullest possible degree the natural resources with which we have been blessed and to reestablish the principle that Canadian raw materials should be processed as far as possible by Canadian workmen. There is nothing wrong with our Canadian people. There is nothing wrong with our Canadian youth. The unemployed Canadian, the youth who has yet to find his first job, is ready and willing to go to work, earnestly seeking the opportunity to give outlet to that virility and energy which has always characterized the individual Canadian. Thus I say, the government is challenged to clear the way for the creation of new jobs, not palliative methods of employment, not casual employment, but new jobs of a permanent character, and to create opportunity for the development of Canada by Canadians. It is with the deepest regret that we are forced to the realization that the present government has failed so miserably to answer this challenge. As I wish, Mr. Speaker, to discuss this matter from several different angles, and as it is approaching six o'clock, I desire to move the adjournment of the debate.

Motion agreed to and debate adjourned.

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

Thursday, March 16, 1939

The house met at three o'clock.

PUBLIC ACCOUNTS

MOTION FOR CONCURRENCE IN FIRST REPORT

Mr. W. A. FRASER (Northumberland, Ont.): Mr. Speaker, by leave of the house I move that the first report of the standing committee on public accounts, presented to the house on the 14th instant, be now concurred in, as follows:

Your committee recommends that it be empowered:

(1) To print, from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence, and that standing order 64 be suspended in relation thereto.

(2) To sit while the house is in session.

(3) To employ clerical and stenographic assistance.

(4) To sit, for a period not exceeding two days, in the city of Toronto, and that the payment of any travelling expenses incurred be authorized.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, I move:

That the report be not now concurred in but that it be referred back to the standing committee on public accounts with instructions to delete clause 4 therefrom.

Under clause 4 authority is requested from this house that the public accounts committee may sit for a period not exceeding two days in the city of Toronto, and that the payment of any travelling expenses incurred be authorized.

As one of the minority of that committee who protested against this procedure, I find it necessary to carry the protest in this form to the floor of the house. It is not my intention to obstruct the business of the committee but rather to protest against a plan which I believe will obstruct the true purposes of the inquiry.

I submit that this procedure is not within the intentions of parliament when the inquiry was authorized. As far as I can discover there is no precedent for it in the records of parliament. Not a word of evidence has yet been heard; and apparently the members of the committee are to be transported to Toronto and to be dazzled, or to be influenced, before any evidence is heard, by the sight of a humming industry. I submit that the present state of the plant is not in question. What is in question is the state of the plant in October 1936 and at the time the contract was executed in March 1938. This is an attempt to focus attention on that which has occurred since the execution of the contract, whereas the purpose of the inquiry is to deal with that which occurred prior to the execution of the contract. Since the execution of the contract, and according to the statement made by the minister in the house the other evening, a sum approximating $844,000 has been spent on the plant. It should be in good shape. If it is not in good shape, others should pass judgment on that matter. Apparently it is in such good shape that the John Inglis Company is in a position to advertise in all the trade journals that it is prepared to take on a great deal of other business. It is altogether too late for the jury to visit the scene of the crime.

I submit that the committee is not in a position to determine the ability of the company to execute the contract according to schedule. It has been contended that that should be the purpose of the committee at its outset. For that purpose experts are required, and if during the proceedings of the committee it be found necessary to secure evidence on any of these matters, experts should be secured. There are many on the committee—and perhaps I may include myself in the number,—who could not tell the difference between certain types of shaping presses and heavy duty boring lathes. If we are to determine whether or not the company is in a position to carry out the contract according to schedule, it will be necessary to examine production schedules. I can readily imagine that there would be objection to such a procedure, and in any event it is entirely beyond the resources of the committee. Appraisal and inspection companies now employed by the Canadian government could carry out this work if in the judgment of the committee it were considered necessary.

Statements have been made repeatedly that discussion of this contract in the house has delayed the company in meeting the requirements of Canada's defence forces. What could delay the work in this factory more than to conduct through the premises at this time fifty members of a standing committee of this house, and to require that company to make preparations for such a visit? In addition, prominent officials of the company will later be required to give evidence at length before the committee.

I have also in mind the warning given on various occasions by the Minister of Finance (Mr. Dunning) that committees of this house should exercise care in incurring expense for printing and the calling of witnesses. Therefore the cost of this plan should be taken into consideration. And it should be taken into consideration on the basis of the outside liability. The phrasing of this report is such that it does not restrain hon. members who take the trip from submitting accounts for their out-of-pocket expenses. It has been the custom when members of this house are required to undertake journeys on public business of this kind that they seek reimbursement of their out-of-pocket expenses. The suggestion has been made that members of the committee might refrain from submitting expense accounts, but there is nothing in the phrasing of this report to restrain them, and therefore the outside liability should be considered. I have made a rough and ready calculation, and the lowest estimate of the cost of a two-day sitting in Toronto is something in the neighbourhood of $650. I can itemize that if any hon. member requires it.

In justice to all the firms concerned it follows that similar visits should be made to other plants—to Montreal in order to visit the premises of Montreal Construction Supply and Equipment Limited, and possibly to the dominion government arsenal in the city of Quebec. Certainly if proper comparisons are to be made, visits should be made under this precedent to other established firms in Canada equipped to do machining work of this kind. I submit therefore that the ultimate cost of the policy for which this report establishes a precedent would involve a sum of over $2,000 to be paid out of the public treasury, and for no good purpose. For that reason the trip would be regarded simply as a junketing trip.

I desire to restate the purposes of this inquiry as I stated them when I moved the

motion of reference to the committee. I moved the motion of reference because of specific issues raised by Mr. Justice Davis. He stated in his report that certain matters would have to be determined by parliament. The first was whether or not the Bren gun could be manufactured under public auspices or by private manufacture. The second was whether the conduct of the individuals concerned was above question, as referred to on page 35 of the report. The third was whether adequate reasons existed for the failure of the interdepartmental committee to report back to the government when the system of supervision of contracts broke down, as referred to on page 41 of the report. The fourth was to discover whether the procedure followed in negotiating this contract protected the public interest, as referred to on page 49. The fifth was whether proper steps were taken to ensure proper discharge of the responsibility assumed in the selection of one particular contractor, as referred to at page 50.

These were the main reasons I advanced in moving my motion of reference to the committee. I protest most vigorously against the proposal embodied in clause 4 of the report of the committee, inspired by the eminent and learned counsel for the defence on the committee, as being nothing more or less than a brazen window-dressing to obscure the real purpose of the inquiry.

Mr. ANGUS MacINNIS (Vancouver East): I think little need be added to what has been said by the hon. member for Vancouver North (Mr. MacNeil) in regard to the motion and on the amendment now before the house; that is, that the committee on public accounts proceed to Toronto to take evidence there. I took the position in the public accounts committee that we should first proceed with such evidence as could be obtained and such investigation as could be made in Ottawa, and that if subsequently we found it necessary to go to Toronto and inspect the John Inglis plant, that the permission of the house could then be requested. I am sure there would be no objection from the committee if it became evident as we proceeded that that was necessary. However, the majority of the committee thought otherwise, and we have this motion.

I sumbit that there is no reason at this time for inspecting the John Inglis plant. The commissioner who was appointed to investigate this contract and who heard evidence for something like two months, did not at any time during that time consider it a part of his duty to go to Toronto to inspect this plant officially. As the hon. member for Vancouver North has already stated, if this committee inspects the John Inglis plant it will be bound to inspect all the other plants in Canada that are capable of carrying on this kind of work.

We have in the report of Mr. Justice Davis, on page 37, the evidence of Mr. Fraser Elliott of the interdepartmental committee. He said:

> The committee began to take an active part in the sense of asking questions and getting to grips with the problem. In so doing the committee indicated that competitive bids should be one of the main considerations, and one of the first considerations. We pointed out that there was a number of very substantial subsisting companies in Canada that were manufacturing precision tools, and had had experience in what we thought was this line of work. We felt that they should be consulted and given an opportunity to submit competitive tenders. . . . The committee also thought there would be considerable time required for further consideration of the contract.

I submit that if we go to Toronto to see the John Inglis plant, and if we draw any inferences from what we see there, we are bound to visit these other plants and find out for ourselves whether they were or were not in a position to bid on this particular work.

One of the members of the committee, a medical man, speaking in favour of the motion to inspect the John Inglis plant and take evidence in Toronto, stated that he was taught by his professors never to make a diagnosis without seeing the patient. This is not a matter of making a diagnosis without seeing the patient. This is a matter of justifying a caesarean operation, two years after it was performed, by having a look at the infant. I submit, Mr. Speaker, that we shall be merely wasting the time of the house, the time of the committee and the money of the people of this country by taking this trip to Toronto. There are many things in regard to this contract, as the hon. member for Vancouver North has pointed out, that need investigating; but at this time it does not appear that there is anything that can be learned by going to Toronto to inspect this plant, because the John Inglis plant as it is to-day is not the John Inglis plant as it was at the time this contract was signed. As the Minister of National Defence (Mr. Mackenzie) pointed out, I think on Tuesday last, something like $844,000 has been spent on this plant by the Canadian and British governments since that time.

Mr. SPEAKER: Order. There is too much noise in the house. I would ask hon. members to converse in lower tones; I can hardly hear what the hon. member is saying.

Mr. MacINNIS: Some other members of the committee said they wanted to go to Toronto to see the John Inglis plant because of certain statements made in the committee to the effect that it was a boiler shop.

Some hon. MEMBERS: A broken down boiler shop.

Mr. MacINNIS: Yes, a broken down boiler shop. There is no question of that; that statement was accepted by the commissioner and by everyone connected with the commission as being correct.

Some hon. MEMBERS: No, no.

Mr. MacINNIS: Well, just let us see. Mr. H. S. Alguire, of the aircraft inspection detachment at Toronto, made a report which was filed with the commission, in which he said that the factory at the time the report was written, October, 1936, was inoperative and had not been in operation since April, 1936. There was no staff in the plant at the time, with the exception of three maintenance men; and he stated that the plant was equipped for making boilers and heavy machinery of that kind, adding that in view of the time the plant had been in operation, the machinery was in reasonably good condition.

That is not the plant we are going to see; that is not the plant we will see if we go to Toronto. The plant we will see will be an altogether new plant, containing nearly a million dollars' worth of machinery which was not in it when this contract was signed. That is why I say we should not take up the time of the committee or spend the money of the people of Canada in a junketing trip of this kind.

Mr. HARRY LEADER (Portage la Prairie): As one of those who formed the minority in the committee in regard to this proposal I should like to make my position clear. When the suggestion that the committee visit the Toronto plant was first broached, I thought a smaller committee would be more effective and more economical. I voted for the suggestion of the hon. member for Halifax (Mr. Isnor) that a subcommittee go to Toronto instead of sending the whole committee. That amendment was defeated, and the main motion was carried. I did not vote for the motion, but so far as I am concerned if the motion carries to-day I feel that it will be my duty to proceed to Toronto with the rest of the committee. However, I still feel that a small subcommittee would have been just as effective and certainly less expensive.

[Mr. Speaker.]

Mr. KARL K. HOMUTH (Waterloo South): Mr. Speaker, the first thing that strikes me in regard to this matter is the fact that the Bren gun contract and the report of Mr. Justice Davis were referred to the public accounts committee over four weeks ago. Almost four weeks went by before the committee was even called; almost five weeks have gone by, and we have had only one meeting. At that meeting the proposal now submitted by the chairman of that committee was adopted by an overwhelming majority. As one of those who opposed it I want to make my position clear, and at the same time I want to point out to hon. members what to my mind is a ridiculous situation. There has been a great deal of comment by the press and by citizens generally throughout the country as to the waste of time and of public money. If we take this proposed joy ride to Toronto I consider that it will be one of the worst pieces of burlesque to which this house has ever been a party.

What is proposed? It is suggested that we should send this committee, consisting of fifty members, to the city of Toronto to look over a plant which has a contract from this government. The original motion was that we should spend not more than two days there taking evidence. Now I understand the idea is that we should not take evidence. What is behind the motion? So far as I can see, the only thing behind it is that hon. members who resent the criticism of this contract may be able to go back to their voters and say, "We saw a very well-equipped plant, which is making the Bren machine gun." Why is this proposal advanced? For no other reason, Mr. Speaker, than that these hon. members, without any particular knowledge of machinery, or the equipment of this plant, or what it can do, may be in a position to try to offset the criticism that has come from one end of this country to the other with regard to this contract.

What brought about this whole trouble? It resulted simply because a man obtained a very important contract through political patronage, and it has been shown very clearly who that man is. He is a promoter; he has been promoting companies, not for the general welfare of the people of Canada but for his own welfare.

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: I do not wish to call the hon. gentleman to order, but surely he knows that this matter is before the committee and that he is not at liberty to discuss, as he is discussing, matters that are at present in the hands of the committee.

Mr. HOMUTH: I still maintain that this motion is being made as a start in the investigation of the Bren gun contract, and I am opposing this trip to Toronto for certain reasons. One of them is that throughout the whole thing we pointed out the inefficiency of the plant, the fact that it was not fitted to make Bren guns and that there was no assurance it was fitted to make any kind of ammunition. But as a result of getting this contract certain men who were promoting it and who got the contract and control of the business would have been in a position to make millions of dollars of profits, through stock manipulation alone.

Some hon. MEMBERS: Order.

Mr. HOMUTH: I submit I am in order, Mr. Speaker; I am discussing the matter and pointing out the things that we as a committee are supposed to investigate as a result of the debate which took place in the house.

Mr. MACKENZIE KING: It has gone far beyond that.

Mr. HOMUTH: If I am out of order, sir, I will abide by your ruling.

Mr. SPEAKER: The hon. member should confine his remarks to the motion and the amendment before the house. The amendment is that the report be not now concurred in, but that it be referred back to the committee with instructions to delete a certain paragraph. That is the subject matter at present before the house.

Mr. HOMUTH: I abide by your ruling, Mr. Speaker. But I do say that we are asked to go to Toronto to investigate a plant—not the plant that was there when the contract was given, but a new plant which has been constructed, in which the Bren machine gun is being made. It is not being made in that immense boiler factory with ceilings sixty, seventy or eighty feet high. The Bren machine gun is being made in an addition—and a rather cheap looking addition at that—which has been built outside the old John Inglis Company plant. In that part they have spent $844,000 in machinery, much of the profit from which is going to those who are promoting this whole affair. The plant we would see is entirely different from the plant which was there when the contract was made.

There were lies told about the plant, and untruths told about the condition of the plant, in order to get the contract. One lie led to another, and the whole thing was a case of misrepresentation. We charge that the old John Inglis Company plant was not a fit place in which to make the Bren machine gun. The very fact that they had to build a new plant is proof of that.

Mr. SPEAKER: The hon. member is not discussing the merits of the question.

Mr. STEWART: On a point of order, I submit it must be borne in mind that the reference to the public accounts committee is absolutely wide open. The reference to the committee included the Bren gun contract, the report of the commissioner on that contract, and all other contracts. The report of the committee suggests a visit to Toronto to inspect a plant. I submit every reason which can be urged against inspection of that plant is quite in order now on this motion.

Mr. LAPOINTE (Quebec East): But that is not what the hon. member is saying.

Mr. MACKENZIE KING: He is giving judgment.

Mr. LAPOINTE (Quebec East): He is resuming the whole debate on the merits of the first motion to send the matter to the committee.

Mr. STEWART: No, no.

Mr. LAPOINTE (Quebec East): He is adducing arguments which were adduced at that time, and which have nothing to do with the proposal to visit the plant. Indeed his arguments show conclusively that it is important that the plant be visited.

Mr. HOMUTH: If there is a continuation of the debate I say it is the fault of the government that there is any debate on this matter at all, and hon. members of that committee making any such silly suggestion as that of going to Toronto. We charge—

Mr. SPEAKER: That is a reflection on the government and members of the committee.

Mr. HOMUTH: Mr. Speaker, I did not say members of the government were silly; I said it was a silly suggestion to make—and I still think so. I still say that the whole condition of the plant was misrepresented, and that what we will see in Toronto is a new plant equipped with government money. This government has $844,000 invested in the plant, and we do not know yet how much more will have to be invested in it before they are able to turn out Bren machine guns.

Mr. REID: Go up and see it.

Mr. HOMUTH: If the committee wishes to go to see the plant, then let us go to see some of the plants which were mentioned in the evidence.

An hon. MEMBER: Who mentioned them?

Mr. HOMUTH: Let us go and see the plants which could have made the Bren machine gun. On the committee we have doctors, lawyers, farmers and insurance brokers, men who in their own professions are undoubtedly capable. I have been in industry all my life, but I could not go into any plant, and simply by looking at it and at the machinery, say whether or not it would be equipped to turn out any particular article.

With all due respect to their ability, I venture to say that members of the house could be taken into a washing machine factory and be told, "In this factory we can turn out pistols and machine guns," and they would simply reply, "Is that so?" What knowledge have the members of the committee with respect to the manufacture of a machine gun? No man on the committee, even if he has been interested in industry all his life, is in a position to go into a plant, inspect it and be able to say that it would be an efficient plant for the purpose of turning out the Bren machine gun. He could not do that unless he knew every operation necessary to turn out such a gun. These matters are all secret; they are not for the knowledge of the members of the committee. We have been told by the minister that they are so secret that they had to be very careful with respect to the men they employed in their plant at Toronto.

If the committee is going to make inspections, let it inspect the plants which could have done the work, without the government having to invest a million or more dollars to do it, and to build up a private enterprise for some stock promoters. Let them go and inspect plants which could have made shells such as are being made in Montreal. Let them inspect plants which made shells during the last war, which are equipped to-day to make shells and to make them cheaper than they are being made under contract in Montreal.

If hon. members and people throughout the country have any reason to protest against loss of time and waste of money, they will certainly have a great deal of reason to do so if the house decides the committee is to go to Toronto to investigate the plant. Personally I shall take no part in this joy ride. I will not be a party to this burlesque. I do not intend to go to Toronto to inspect the John Inglis company plant.

Mr. J. A. MARSHALL (Camrose): Mr. Speaker, I do not wish to take up much time of the house or to hold up the vote on this particular question. As a member of the public accounts committee from time to time I have purposely refrained from making any statement or any remark on the floor of the house with respect to the Bren machine gun contract or the report of Judge Davis. I prefer to defer any comments until such time as the committee has completed its work and made a report to the house.

It has been stated that over $800,000 has been spent on the plant by the Canadian and British governments since the investigation took place before Mr. Justice Davis. It may be possible to visualize the condition of the plant before that expenditure was made, but I do not believe a casual inspection as is contemplated would enable me at any rate to form an unprejudiced opinion. Therefore, I shall support the amendment to the resolution, and all the members of this group will do likewise.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, the question before the house is whether the public accounts committee of some fifty-six members shall be authorized to proceed to Toronto to visit the Inglis plant and hold there a session of the House of Commons and a parliamentary inquiry. That is what it amounts to. There is an amendment before us to strike out paragraph 4 of the report of the committee. There has been a great deal of criticism of this house in connection with the appointing of committees and commissions and empowering other people to go all over the civilized world on public business. Very little is accomplished or learned. The reference to this committee was that it should find out whether or not this was a good contract and in the public interest. That is why the committee was appointed and constituted. Now they want to go beyond their prerogatives and hold a session of parliament, a session of the public accounts committee at the factory of John Inglis Company on Strachan avenue, Toronto. How many members of this committee are technical men who would know anything about the plant or its work.

If Canada were industrialized to the same extent as Great Britain, some object might be accomplished in inspecting this plant in Toronto. Ottawa alone is where this committee should sit. A royal commission was appointed under the Public Inquiries Act and considerable evidence was heard and the judge made his report. I may say that in England a parliamentary session was held at Aldershot, according to pictures which appeared in *Sketch* for February. The whole membership of the House of Commons went to Alder-

shot to inspect the armaments being manufactured there. But Aldershot is only a few miles from London and they were able to be back in the house the same day.

At the present time the Inglis plant is not fully equipped for this purpose, but will soon be. I passed there last Saturday and there was a large number of men at work. It is an old and splendid plant and is a most commendable idea if it is extended to provide work for all. I understand from the minister that he has had reports by his officials on 1,300 plants, but there are many other plants which were not inspected but which should be at once. This is a unit which is actively engaged in this work, but I cannot see the necessity for holding a public judicial inquiry in Toronto at present. Witnesses are to be heard and their evidence taken under oath. I cannot see how any good results can be obtained from such a visit. If the House of Commons is to hold a session in Toronto, they should hold it in the Toronto exhibition coliseum which is next door to this plant in Toronto. The members would then be able to inquire into a much more important question, namely, why 1,200 transient men are on relief and cannot get work. In my opinion unemployment is a much more important matter for us to deal with than the present business to be dealt with by this committee.

When the session closes we find our representatives travelling all over the world, on each one of the seven seas. We get very little good out of these joy rides as the press call them because that is all a great many of these trips are. So far as this committee is concerned, I was a member but I am not at the present time. I believe the committee would be better employed if it stayed here in Ottawa. A few members could be appointed to make an inspection of this plant if the government thought it necessary. It may be necessary to do a little later on what was done during the days of the war when a visit was made to the Baldwin plant and other munition plants in Canada. However, we are not yet far enough on with this munitions expansion at the present time. I understand the program of the minister on rearmament calls for an expenditure of several millions, and when we get far enough along perhaps it may be thought advisable for the House of Commons to appoint a committee, as was done during the war, to visit this plant and other plants later and make a report. As I understand the reference to the committee, the committee is to go over the evidence taken before the royal commissioner and his report. We are now being asked to delegate our powers and permit sessions of parliament to be held in Toronto. If that is to be done, let us consider this more important question, the question of unemployment.

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, as a member of the public accounts committee I hesitate to take part in this debate because I understand it is not the usual procedure to discuss matters before a committee until a report has been tabled. As other hon. members have brought to the attention of the house, an amendment was moved by me in committee to provide for the appointment of a smaller committee of seven members to proceed to Toronto to inspect the plant and then report to the main committee. I was quite willing to abide by the decision of such a committee. However, when that amendment was presented it was discussed by the various members and the majority thought that the committee as a whole should visit the plant. I do not feel this is a joy ride, as has been suggested by some of the hon. members who have spoken on this matter. This trip is necessary in order that we may vote intelligently on this important question. I like the attitude taken by the hon. member for Camrose (Mr. Marshall). The hon. member intimated that he had refrained from discussing this matter because he wanted to keep an open mind. That is my attitude with respect to this whole question. I want to hear every detail brought before the committee and then make up my mind to support the majority or minority report, as the case may be. I feel that we should visit the plant and I am supporting the recommendation made by the majority of the committee.

Mr. WOODSWORTH: If the hon. member cannot vote intelligently without going to Toronto, how does he expect the members of the house generally to vote intelligently unless the whole house goes there?

Mr. ISNOR: I think I can answer that to the satisfaction of the hon. member. One hon. member has said that an expenditure of $800,000 was made on equipment. I should like to satisfy myself or have a report from a subcommittee as to whether that expenditure of $800,000 was justified. I think that is a very important aspect of the matter.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker—

An hon. MEMBER: The expert!

Mr. MacNICOL: I am persuaded to rise as much by the remark I have just heard from the opposite side as anything else, but particularly because of an article which appeared

in the Toronto *Telegram* of Saturday last, March 11, apparently an interview with the officials of the Bren gun plant, justifying the plant. This interview says:

> What precisely is the John Inglis plant like? Is it the broken down, empty boiler factory, the wretched ghost of more prosperous days, its critics say it is?

Anything I said about the John Inglis plant in the former debate was about the plant as I knew it and had known it for many years. I have known it from end to end and my remarks had reference to the plant as I knew it, not as it is now. In fact, the whole debate applied to what the plant was like before it was purchased. I continue to quote:

> According to officials of the company that is an unfair and untrue picture of the situation, based upon rumour, gossip and miscomprehension.

I repeat that any references I made in the debate to the John Inglis plant were to the plant as it was before this contract was let, not as it is to-day. My remarks had no reference to the new part of the plant. Continuing the quotation:

> They admit that the original purpose of the plant was to manufacture boilers, that it went into liquidation, but they claim that now, under new management, the plant is staffed and equipped to meet the demands made upon a competent engineering and ordnance organization.

I have nothing to say as to the competency of that company to manufacture to-day any kind of equipment, large or small, or the Bren gun. What I have to say refers to what the plant was when the member for Trinity (Mr. Plaxton) wrote to the Prime Minister (Mr. Mackenzie King).

An hon. MEMBER: It is still the same.

Mr. MacNICOL: The hon. member who said that really does not know what he is talking about.

Mr. McLEAN (Melfort): Let us go and see it.

Mr. MacNICOL: On the 24th of August, 1936, the hon. member for Trinity wrote the Prime Minister as follows—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. MacNICOL: Very well, Mr. Speaker. The letter is in *Hansard* and has been quoted often; I do not need to repeat it.

I am going to describe what the plant was like at that time for I know it very well. It consisted of seventeen or eighteen or nineteen large and small buildings, some of them lean-to's. There were five main buildings. There was the office building. Then there was the machine shop, which is a large building that was used for manufacturing all kinds of steel and iron equipment that the John Inglis company made. They were splendid manufacturers of marine engines. That was their original business. They made hydraulic machines for mines and so forth, condensers, centrifugal and reciprocating pumps. They made tanks; they made boats—they made one of the ferry boats for the city of Toronto. They also made marine legs for grain elevators, and they made coal bunkers. The John Inglis plant at that time was well equipped for making all that kind of material.

An hon. MEMBER: Hear, hear.

Mr. MacNICOL: I hear a "hear, hear" from a man who knows I am right, and I hope he is on the committee, because I know he knows what a plant means. It was the hon. member for Huron-Perth (Mr. Golding).

Building No. 3 was for making boilers. It was a large building and the boilers they made were, some of them, perhaps 20 feet long, some perhaps longer, and anything from 24 inches in diameter up; I believe they went as high as 100 to 150 inches in diameter in the boilers and tanks they made. These tanks and boilers had to be lifted away up and turned round and brought down again. It was a thoroughly equipped boiler plant, none better in Canada.

Building No. 4 was for holding the patterns of the company. I knew the company very well because the company I was with bought a vast quantity of material from the John Inglis company. Shop No. 5 was the forging shop. The company in later years made boilers and the boiler-heads were dished at the plant, and because of that the company had a very large forge shop for heating and dishing the heads and flanging the sheets that entered into the construction of a boiler. I see my hon. friend the hon. member for Huron-Perth (Mr. Golding) nods his head. He knows that is a large building.

There were five main buildings and a whole lot of small buildings, perhaps another dozen of small buildings or lean-to's. During the past months a sixth building has been added to the plant, at the rear, as I understand it, of the forge shop, part of it between the forge shop and the machine shop. That building, I heard someone say, is 582 feet in length. At its narrowest its width is 37 feet, and at its widest, in the centre of the building, approximately 140 feet. It angles off alongside the railway for a considerable distance, and at the west end is perhaps not over 45 or 50 feet in width. That new building may be all

that is claimed for it. But at the time the contract was let that building was not there; it has been built since. This new building has tin on the outside, glass on the north side and glass on the south side, and it runs alongside the railway track. I believe the ceilings are about 14 feet high. The machines are assembled in the building alongside the windows on the south side and alongside the windows on the north side, with a row of machines down the centre. That is the new shop.

The company itself in its own advertisements in the Toronto papers endorses everything we said about the plant in the debate in this house. Here is a picture of an advertisement that appeared in the Toronto papers. It carries a cut showing the old John Inglis plant before the new building was added; in fact, the new building is not shown in the cut at all as I see it. This advertisement states what the company can do; and what does the company itself say? It is now referring to the old plant, described as a boiler plant. I do not remember whether someone said—I know that I never at any time said, and it is neither here nor there whether anyone did or not—that it was a broken down boiler plant. It was a good boiler plant in its day, none better in the country, but it stood idle for several years before it was purchased by the company which now owns it. This advertisement reads:

> We are designers, engineers and manufacturers of machinery and equipment for mine, mill, power plant and factory.
>
> Our skilled staff of experienced technicians is at your service. We invite particulars of your requirements.
>
> John Inglis Co. Limited.

I have no doubt they can do all that, with their patterns and equipment in the old part of the plant. They did all that before, and no doubt can do it again, and if there is any business along these lines I hope, because of my warm feeling for the old company and the name of Inglis, they will get some of that business.

All our remarks in connection with the Bren gun were by way of opposition to the purchase of the old plant for the making of Bren guns; and we were right, because they are not making Bren guns in the old plant, they are making them in a new plant. I have no doubt that the plant they have put up is a good one; I have nothing but the best to say about it, and I hope that it turns out good guns. No doubt they have good workmen. I do not know any of the men who are working in the plant, but the machinists and other technicians employed in Toronto and elsewhere are, in my experience, quite qualified, and I have no doubt that they will turn out good equipment. The point at issue between ourselves and hon. members who want to make this joy ride is that if the committee go there now they will be taken into a brand new plant and doubtless will find it well equipped.

Mr. LAPOINTE (Quebec East): Does my hon. friend call a trip to Toronto a "joy ride"?

Mr. MacNICOL: I have heard people say they spent a week in Toronto one Sunday; but to me there is no finer city anywhere. Perhaps others are just as good, but none is better.

I cannot conceive that the Prime Minister (Mr. Mackenzie King), for whom no one in the house has a warmer personal regard than I have, a regard which goes back a long time, and makes me feel for him in all this business —on this point Mr. Speaker stopped me a while ago, so I will not now continue what I might have said—will allow the committee to go to Toronto to look at a new building. Not that a new building as such is not worth looking at. The new building of any other company which might have made these guns with much less new equipment and with fewer buildings than the company which to-day has the Bren gun contract, would be worth looking at. What I am particularly opposed to is a joy ride at the country's expense. There are hon. members who do not take any stock in the leadership league movement, but in my judgment it is going to do a great deal of good. At least it will arouse the voters of this country to think of what their members are doing and what parliament is doing. I am convinced that parliament as a whole, irrespective of any party or group, is composed of as good men as can be found in any other parliament in the world. I have the highest regard for this house and its members. But the leadership league is charging us with doing nothing. What will they have in that vacant space to which on two or three occasions the Minister of Justice (Mr. Lapointe) has referred?

An hon. MEMBER: They have dropped it out.

Mr. MacNICOL: When this joy-riding delegation goes to Toronto they will put a line in that vacant space to the effect that the committee is there at the country's expense. Of course hon. members travel, at any rate as far as their tickets are concerned, free of charge. I appeal to the Prime Minister to put his foot down. As I have said, I have a high regard for him; I should like others to

have a high regard for him, but it will be impaired if he lets this junketing joy-riding delegation go to Toronto at the country's expense. If they wish to go at their own expense, let them do so. I have no objection to that. If any individual member wishes to go, let him go, but not, I say, at the expense of the country.

Hon. H. A. STEWART (Leeds): Mr. Speaker, as a member of the public accounts committee I feel it my duty to speak briefly to this resolution.

There was in the committee a sharp division of opinion as to whether this inspection should be made. In the committee I opposed it. I took the ground that it was a strange proceeding. There had been a thorough investigation of this contract in all its aspects, counsel had been employed by the government and by all parties interested, and it was never suggested in the course of that investigation that anything whatever could be gained by making a trip to Toronto to inspect this plant. What can be gained at this late date? Very much less, I submit, than could have been gained if an inspection had been made earlier. An inspection at this time, after the large expenditure of money that has been made, is useless.

An hon. MEMBER: Why?

Mr. STEWART: In many cases it is desirable when a matter is in dispute to investigate the site of the trouble, and sometimes a judge orders it. But if the judge knows that all the conditions have been changed since the event occurred which is the subject of investigation, he declines to authorize an inspection.

What was the reference to the public accounts committee? The Bren gun contract, the commissioner's report, and other contracts were referred to the committee. I wish now to suggest to this house just what our duties are and why this inspection is unnecessary. Reading from page 49 of the report of the commissioner a paragraph or two which I think condenses and summarizes what we should undertake, I quote as follows:

> The contract is not for a fixed sum; it is on a cost plus basis. It is admitted that we do not know how much the guns are going to cost. There are, of course, adequate powers of inspection, supervision and control vested in the department under the contract and with the etsimates from Enfield of what the guns there are costing it should be possible to keep actual cost well within bounds.
>
> No substantial objection can be taken in my view—

Mr. SPEAKER: Order. The hon. member should not go into the merits of the contract or discuss whether it was properly entered into or not. That is a matter for the committee to decide. I do not think that the hon. member should revive a general discussion of this subject which has already taken place in the house. The only question now before the house is whether or not the last paragraph of the report should be struck out.

Mr. STEWART: Mr. Speaker, I thoroughly understand the point you have taken and the objection you have made to certain statements being read. My contention that there should not be an inspection of this plant is based on what is contained in this report, and all I propose to do is to read one other paragraph as a basis of my argument that that inspection is useless and worthless:

> No substantial objection can be taken in my view to the provisions of the Canadian contract, though in the absence of any competitive bids or terms of manufacture I am unable to pass upon the substance as distinct from the form of the contract. It is important, of course, that the contract be a good and businesslike contract; but what is more important after all is whether the procedure adopted in making the contract was that best calculated to protect the public interest and to secure the confidence of the people of Canada that there would be no improper profiteering in the private manufacture of war armaments for the defence of the country.

These are the subjects which are suggested for consideration and investigation by parliament. I submit that for the consideration and determination of these, an inspection of this plant is worthless; it is not helpful in any way. In what is parliament interested in connection with this Bren gun contract? I think we want to know, in the first place, why the manufacture of these guns was not undertaken in a government property and under government auspices. In the second place, if the manufacture of these guns was not to be undertaken as a government work, why were tenders not invited for the manufacture? Why was this particular firm chosen above all others when there were others quite competent and with ample equipment to manufacture these guns? Why was the interdepartmental committee's suggestion and recommendation—

Mr. LAPOINTE (Quebec East): What has this to do with the amendment?

Mr. SPEAKER: I think the hon. member is dealing with the question of the Bren gun contract. The question before the house is merely whether it is advisable to accept or

reject one paragraph of the report of the committee. I ask the hon. member to confine his remarks to that subject.

Mr. STEWART: I accept your ruling, sir, but the argument I am trying to make apparently has not been appreciated by your honour or by the house. I am arguing that what we are in duty bound to do is to ascertain what I have been referring to rather than to inspect a new plant which has been built since this contract was awarded.

Mr. SPEAKER: The hon. member should speak to that point.

Mr. STEWART: My contention is that if the committee goes to Toronto it will be seeing a plant which has been constructed since this contract was made. This will be of no assistance whatever in coming to a conclusion as to the condition of the plant at the time the contract was made.

Mr. YOUNG: Does the hon. member admit that the present building and plant is a satisfactory plant?

Mr. STEWART: Whether or not that is so can be easily established by calling one or two witnesses who know and can give expert testimony as to the condition of the plant. If this procedure is followed we can form a better judgment than we could by going to Toronto and inspecting the plant. To me this is a futile undertaking, a waste of public money. I opposed it in the committee and for the same reason I propose to vote for the amendment.

Mr. G. G. McGEER (Vancouver-Burrard): I supported in the committee the resolution to ask the house for leave to go to Toronto to inspect the plant and the present operations of the John Inglis Company, as they apply not only to the production of Bren guns but also to the commercial activities of the plant.

I did so in order that we might have a first-hand view of the possibilities of coordinating war-time preparation activities with peace-time commercial activities, not only to secure efficient means for the production of arms in time of need but also to coordinate that kind of work and the reestablishment of peace-time industrial enterprise. It is important to consider this particular contract from the point of view of the policy of governmental cooperation with private enterprise to aid as far as possible the preparation for the production of necessary arms for defence and, as well, the reestablishment of industrial activity in Canada.

Any better reasons for the inspection of this plant than have been advanced by hon. members who have spoken against the proposal of the committee, would be very difficult to find. I am amazed that those who have been responsible for the enormous amount of time that has been taken in investigating this minor item in British empire defence should now hesitate to go and examine, or allow a committee of parliament to go and examine, the thing that they have condemned as unworthy of confidence.

Mr. MacNICOL: They would not know anything about it.

Mr. McGEER: Let me tell the hon. member for Waterloo South (Mr. Homuth) that this whole program is based on misrepresentation. When I read the *Maclean's* magazine article—

Some hon. MEMBERS: Order.

Mr. MacNICOL: That was in *Hansard*.

Mr. McGEER: Well, the picture I am referring to was not in *Hansard*. One thing that impressed me was the picture of the John Inglis plant, and because I saw that picture, I stopped off in Toronto on my way through to Ottawa and took a look at the plant. No greater misrepresentation could possibly have been made to the public of Canada than the picture which featured the article which by innuendo made the charges which have been under investigation for months.

What is this committee asked to do for parliament and for the people of Canada? It is asked to ascertain whether the plant was a broken down boiler plant, whether the personnel of the company was competent to carry out the contract. What better evidence can the committee have than to go and see the men carrying out the contract, the problems of production and of organization, and to have explained to them the manner in which those problems are being faced and carried out? In a matter involving much technical detail no man can form a judgment so well from the evidence of experts as he can by going and seeing for himself the problem and its solution.

We are told that the delivery of the guns will be indefinitely delayed, that the company's assets were not of the value stated in the evidence before the royal commission, that there was gross misrepresentation as to the commercial value of the plant as well as its war-time value—

Mr. STEWART: On a point of order, Mr. Speaker, your honour has ruled that we should stick closely to the motion before the house. I submit that the hon. member is travelling far afield.

Mr. SPEAKER: The hon. member who is now speaking is as much in order as some who preceded him.

Mr. STEWART: There is this difference, that others were stopped and he is not stopped.

Mr. SPEAKER: I stopped them, but they would not abide by my ruling.

Mr. McGEER: I wish to keep within the rules of the house, Mr. Speaker, and certainly I bow to any ruling you may make. But I am pointing out some things which as a member of the committee I feel we are required to report upon, and some things on which I believe we can form a better opinion by seeing with our own eyes than we can by merely calling experts whose views we may be unable to understand.

We are told that the plant and the company were not capable of being efficiently and economically converted into a production unit of arms for Canada, namely, Bren guns. What have we heard this afternoon? We have been told that a new building has been erected and that some $840,000 of public moneys have been expended on that plant. There is one feature of this particular kind of contract about which the committee by going to Toronto can get first-hand information. In the production line, which spreads over a very large building, a uniform temperature of 68 degrees Fahrenheit must be maintained, because this particular type of equipment, with its innumerable parts, has to move in production throughout under the same temperature. I am given to understand that, starting from a plant not in operation as against starting from a plant in operation, one of the reasons why it is wiser to adopt this course rather than the other—

Mr. MacINNIS: What other?

Mr. McGEER: —is that you can build a new organization and equip it having regard to the conditions that are necessary successfully to produce this kind of weapon. In any event, for any hon. member of this house to say that he does not want to go and will not go to examine a plant in which $840,000 of public money is invested and in which defence armaments are being produced, indicates in my opinion an extraordinary conception of the duties and responsibilities of a member of parliament. Let me say that while the hon. member for Waterloo South (Mr. Homuth) smiles—

Miss MACPHAIL: We laugh.

Mr. McGEER: Yes, I know that.

An hon. MEMBER: We are all laughing.

[Mr. Stewart.]

Mr. McGEER: I am glad of that. But when a man stands in his place in this house and says, "I will not agree with a majority of the committee; I will not agree with a majority of this house; I will stand alone; I refuse to go," he is bringing to this house something that at least borders on that from which the world is suffering so much to-day, namely the dictatorship of fascism.

Mr. HOMUTH: Mr. Speaker—

Some hon. MEMBERS: Sit down.

Mr. HOMUTH: I would ask the hon. member to withdraw the reference to myself with regard to fascism.

Mr. McGEER: Oh, no, Mr. Speaker; I did not accuse the hon. gentleman of being a fascist. I said that in my humble opinion his attitude bordered dangerously upon that from which the world is suffering to-day; because as I understand fascism, it is the dictatorship of one individual who declares his will against that of all others.

We have been told that these expenditures of public money are unnecessary. Well, I think an examination of the plant will give us direct information in regard to what must be done in order to bring into production an instrument or arm of defence such as the Bren gun. There are two other phases of this inquiry by the public accounts committee which I think are important. One is that the instigator of this whole investigation, Colonel Drew, has declared that this plant should be closed; and the leader of the opposition (Mr. Manion) has asked this house to cancel the contract. If we are to close the plant or cancel the contract, or consider whether or not we should do so—and these are issues that are definitely presented to the public of Canada for consideration to-day—surely we should go and look at what we are going to close and understand what we are going to cancel.

Mr. HOMUTH: You will never close it.

Mr. McGEER: Well, I do not think an intelligent parliament would.

Another item which I think should be considered is the question of the expense involved in going from Ottawa to Toronto. I only wish that those who have spoken about this item of expense had been as considerate of the cost to the Dominion of Canada of this long investigation and the altogether too lengthy debate that took place in this house. Members of parliament have passes. We propose to go to Toronto on Friday night. We propose to sit in Toronto, or to examine the plant

in Toronto without taking evidence, on Saturday morning. We propose to be back on the job here in Ottawa on Monday morning.

Mr. MacINNIS: May I ask who has decided all this? I am a member of the committee, but so far I do not know anything about it.

Mr. McGEER: I am inclined to think my hon. friend will suffer from that difficulty in connection with a great many phases of the activities of the committee.

Mr. MacINNIS: This is the dictatorship complex coming out now. Let me tell my hon. friend that at the moment he is not in the city council of Vancouver.

Mr. McGEER: We appointed a steering committee. That steering committee met. The hon. member for Vancouver North (Mr. MacNeil) is a member of that committee, and I am sure he will agree that I am stating the general idea of that steering committee, which was agreed upon this morning and which will be reported to the general committee to-morrow morning.

Mr. MacINNIS: Then we will decide to-morrow morning.

Mr. MARSHALL: I should like to ask the hon. gentleman whether all members of the steering committee were notified of this meeting which was held this morning.

Mr. McGEER: All were notified and a majority were present.

Mr. MARSHALL: I understand that I am a member of that committee, and I want to state positively on the floor of this house that I received no notification of the meeting.

Mr. McGEER: There is another feature of this expense problem. Any member of that committee who does not think public money should be expended on this trip does not need to file a bill of expense; so that the total expense—and I think I can speak for the Liberal members of that committee—will depend upon the bills filed by the members of the committee from other parties in this house. There will be no expense as far as this side of the house is concerned.

Mr. REID: That cuts out the joy ride.

Mr. McGEER: Anyone who would suggest a joy ride to Toronto at this time of the year has a strange conception of what a joy ride ought to be.

I do not want to prolong the debate, which has continued much too long, but the events which are occurring to-day in Europe should cause members of this house and the members of the committee to recognize a sense of responsibility, which every Canadian should realize is involved in every feature of our defence program. The time has come when the defence of Canada, as part of the British empire and one of the democracies of the world, should rise above the partisan desires and political ambitions of men who would sacrifice defence in the hope of gaining party advantage. With regard to what has been said about the expense of this proposed trip of the committee to Toronto, let me ask hon. members of the house: What about the loss the Dominion of Canada has suffered as a result of the tactics of the instigators of this inquiry?

An hon. MEMBER: And the Bren gun.

Mr. McGEER: My hon. friends complain about the $400 expense to go to examine what is admitted to be an investment of $840,000, an investment which is to produce arms which are essential for the defence of Canada. But this investigation and the manner in which it has been conducted has probably cost the workmen of Canada some $50,000,000 in war contracts which would go for the defence of the British empire.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. The hon. member is getting away from the subject matter of the debate.

Mr. LANDERYOU: Getting away? —he has gone.

Mr. McGEER: I bow to your ruling, sir, but what I would point out is this. Let us stop this bickering debate. Let us say to the people not only of Canada but of the British empire and of the democracies of the world: Canada is united, and is moving, in proportion to her wealth and power to make her contribution to the defence of democracy. If we do that we need have no fear of leadership leagues or anything of the kind.

I ask the house to confirm the recommendation of the committee, so that there may be a report from a committee which has done its job fairly well by starting first with the most important feature of its obligation, namely an examination of the plant as it was at the time the contract was entered into, an examination of it as it is to-day, an examination of the organization which is operating, and the conditions under which the contract is being fulfilled. If we do that one job we shall then be able to deal more intelligently with many other features of the investigation which we have been asked to make.

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Speaker, I am sure the government favour which the hon. member for Vancouver-Burrard (Mr. McGeer) is now enjoying will bring encouragement to all members of the House of Commons who are standing out, as some are— and particularly in the government party—against the majority opinion in their party. I say that because I can recall a time, and not so long ago, when the hon. member for Vancouver-Burrard was not—

Some hon. MEMBERS: Order.

Miss MACPHAIL: This really has to do with going to Toronto. There was a time when the hon. member for Vancouver-Burrard was not in such high favour. But now, three times, we have seen him called in as the most able lawyer—

Some hon. MEMBERS: Order.

Miss MACPHAIL: —pinch hitting for the government. Each of the three times has been in connection with the Bren gun. It is really a compliment to the hon. member for Vancouver-Burrard, and I am sure with his Irish humour he has already laughed to himself regarding it.

Mr. LAPOINTE (Quebec East): That is not fair. My hon. friend is in high favour all the time, and she usually opposes us.

Miss MACPHAIL: I thank the Minister of Justice (Mr. Lapointe); he is always very gracious.

I listened to the whole debate on the Bren gun, but until now I have said nothing about it. My opinion would be, however, that the committee is being taken—for I judge with the "small" majority the government has, the motion will carry—to Toronto to approve the government's action. There is no doubt about that. By going to Toronto now to investigate or to look over a plant, after $844,000 has been spent on it, you get about as much idea of it as you do from visiting an old house which has been renovated. I have not had much experience with manufacturing plants, but I have seen old houses renovated, wings put on, fireplaces put in, a picture window or two added, until you could not tell where the old house had gone; certainly you could not find it in the new one. I suggest it is the same with the John Inglis company plant at Toronto. After $844,000 has been spent the committee will not be able to see the old plant at all, so there is no use going to Toronto to see it. But if members of the committee have to go in order to know what to do, then all the members of the House of Commons had better go up on a Saturday. It would be a real joy ride; and if it were not a joy ride, we could have a joyous day after we got there.

Mr. DUNNING: No expense accounts, though.

Miss MACPHAIL: I am not the sort of person who puts in expense accounts, so I would not mind that. Of course I would be on my way home, anyway. It seems to me the government is making an error in asking the committee to go to Toronto.

Mr. LAPOINTE (Quebec East): The government did not ask it.

Mr. MACKENZIE KING: The committee asked it.

Miss MACPHAIL: Government members of the committee undoubtedly have asked, though, that they go to Toronto. I think it is an error. It would be far better to bring people to tell what the plant was like in the beginning. One cannot now see what it was like, even if one did go. Then the committee could have people come to tell what the plant is like at the present time.

It would look now as though the plant is being groomed as the seat of action for munitions. While I should like to see the manufacturing done under public ownership—and I must not continue with this, or Mr. Speaker will rule me out of order—it would appear that this plant is being prepared for the manufacturing of munitions. The government having spent $844,000, it is going to be difficult to pass over that company and give it to others.

The hon. member for Vancouver-Burrard struck a very patriotic note. I was afraid to laugh too much, for fear he would too, and that would have spoiled the effect. May I say to him that one need not have armaments in these days in order to win a war. Just walk in—there is not even a protest. So that the hon. member's arguments seem rather far-fetched. I do not think hon. members of the committee who do not want to go are any less patriotic than hon. members who do want to go. If I were a member of the committee—and I am glad I am not—I should not want to be taken there to see a new plant, and then be put into the very awkward position of saying that the plant was not a fit one in which to do manufacturing.

I believe the committee would be well advised to forget about it, and, as is the usual custom with committees, bring experts here. Otherwise if the government is going to do

what we hope it is going to do, if it is going to be fair and give contracts in other places, this committee will have a great time travelling around the country. It will not be in a position to stop after the visit to Toronto; it will have to go to many different places. I believe the good sense of the House of Commons, no matter how the vote goes, is that the committee would be well advised not to travel or to start on a roving commission.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I wish to say only a few words in connection with this matter, and in doing so I shall endeavour to point out the real issue before the house.

In part, the motion moved originally by the hon. member for Vancouver North (Mr. MacNeil) and seconded by the hon. member for Weyburn (Mr. Douglas) was as follows:

. . . together with a copy of the agreement between the government and the John Inglis Company of Toronto for the manufacture of Bren guns, the report of the royal commission dealing with said agreement, and all related documents, evidence, vouchers and exhibits be referred to the standing committee on public accounts.

That was the reference to the public accounts committee. In other words that committee is to look into the contract and the manner in which it was given, and is to pass its opinion upon whether or not the contract was properly given.

The hon. member for Vancouver-Burrard (Mr. McGeer), in one of his usual eloquent speeches, has done everything he can as a lawyer to confuse the issue. He has dragged in a lot of material which has nothing at all to do with the investigation by the public accounts committee. For example, he said something to the effect that the trip to Toronto and the investigation was for the purpose of finding out if peace-time industry might be turned into war-time industry, or something along that line. I am not quoting his exact words, but that is one of the thoughts back of the expression he used. We all know that peace-time industry in this country can be converted into war-time industry; it has been done over and over again. Just a few days ago—I think the hon. member was absent at the time—I quoted from the *Canadian Annual Review* where they give the record of Canadian industry during the last war. I thought that this information should be placed on record. I showed from that statement that over a thousand million dollars' worth of war materials had been produced by Canadian peace-time industry during the last war, by converting those industries into war industries. I do not know that I can lay my hand on that statement at the moment, but I quoted from the same book a most complimentary reference to Canadian industry for the magnificent work it had done at that time. We do not need any committee to go to Toronto to find out whether peace-time industry can be converted into war-time industry. We know that without an investigation of any kind. The committee was not asked to do that, as the hon. member for Leeds (Mr. Stewart) points out. The committee was asked to make an investigation of this contract akin to the investigation carried on already by the Davis commission.

Mr. McGEER: Just on that point; in my argument I directed the attention of the house to the possibility of using war-time preparation in industry to assist peace-time industry. I was not referring merely to the conversion; it was a matter of using the one as a backlog for the other. That is a different thing from what the hon. member is discussing now.

Mr. MANION: I do not know that the hon. gentleman has asked an outstanding question; I would not even call it a leading question. Any plant can be converted either way; that is only common sense. Any industrial plant can be converted in the reverse direction. A peace-time plant can be converted to manufacture war-time materials, and a war-time plant can be converted to manufacture peace-time materials.

The hon. member for Vancouver-Burrard said that I proposed cancelling the contract because of the inability of this plant to manufacture these guns, because it was an old boiler plant or something of that sort. I did not say anything of the kind. I admit at once that an old boiler plant could be converted into a good munitions plant if sufficient money were spent on it. I suggested that this contract should be cancelled because it had been improperly given. I did not go outside the evidence of the Davis report in making that submission. That was the reason why I suggested it should be cancelled. The hon. member says that we are missing $50,000,000 worth of work in Canada because the empire will not spend money here now. I repeat what I said in my argument on a previous occasion. The best way to get empire industries over here to purchase war materials is to show Great Britain that she will get a fair deal, that profits will be properly controlled, and that the implements of war can be obtained on a reasonable basis.

To get back to the issue; which is whether or not this committee should go to Toronto to investigate this plant, to take a look at the industry as it has been built up with the

expenditure of a huge amount of money, the hon. member himself stated, as well as a number of others behind me and to my left, that something like $800,000 worth of government machinery had been put into this plant. Even an old boiler plant can be easily converted into a good industrial plant by the expenditure of money. It has been pointed out by the hon. member for Davenport (Mr. MacNicol) and others that the plant in which the Bren gun is being manufactured is not the old Inglis plant at all; it is a new plant. I have no criticism even of that. I admit at once, and I think the whole house will admit at once, that if you spend sufficient money you can turn any kind of plant, or even no plant at all, into a good industrial plant for the manufacture of munitions. But I do question the utility of a visit by a parliamentary committee made up of fifty members to a plant such as this one. To my mind it would be the most futile trip in the world. So far as I know, in the public accounts committee there is only one member, the hon. member for Waterloo South (Mr. Homuth), who is an industrialist. There may be others, but he is the only one I know of at the moment.

Mr. McCANN: What has the wool industry to do with munitions?

Mr. MANION: My hon. friend is supporting my argument, although I do not suppose that was his intention. Even though he is in industry, the hon. member for Waterloo South would not be able to tell any more about this plant after having visited it than he would before his inspection. All he would be able to say is that it looks as though it might be a good industrial plant. That is the reason he gives for not going. I submit that no other member of the public accounts committee is qualified to make an inspection, certainly not the hon. member for Vancouver-Burrard, and certainly not myself if I were a member. I suppose that he and I are average of the house in general, but I do not think that either of us could visit that plant and give to the public accounts committee any opinion which would be worth while. In my position as minister and as a member of this house for many years I have had the opportunity, as have other hon. members, of visiting mines and industrial plants. That is the usual method of entertaining members of parliament when they visit industrial cities and towns. You go through a plant, you see a lot of wheels turning and belts going round, you see a lot of men at work, but you come out no wiser than you were before. Not one member of this committee will be able to go into this plant on Saturday morning and be any wiser afterwards as to whether the plant will be able to manufacture Bren guns in a splendid manner.

Mr. GOLDING: That is absolute nonsense.

Mr. MANION: The hon. member can make a speech if he wants to, but if he wants to ask a question, he should ask it. I am not going to have him get up and say that this is absolute nonsense. The hon. gentleman may make his own speech, and I am endeavouring to make mine.

I repeat that no member of this committee can go to Toronto and visit this plant and be any wiser afterward as far as the terms of this contract and the method of carrying it out are concerned. It is futile to do that.

The hon. member for Vancouver-Burrard "pooh-poohed" any talking about expense. Apparently hon. members have changed their minds since the committee framed its report. The fourth paragraph of the report reads:

> To sit, for a period not exceeding two days, in the city of Toronto, and that the payment of any travelling expenses incurred be authorized.

That is the report, yet the hon. member for Vancouver-Burrard gets up here and castigates hon. gentlemen on this side because they criticize the expense. I criticize the expense.

Mr. McGEER: Was the hon. member aware that the statements I made about expenses to this house were made in committee, and that the expense item was left in the report so that no one would have the right to say, "I did not go because my expenses would not be paid." That was in the committee.

Mr. MANION: When I deal with any resolution of this house I do not need to go to the hon. member for Vancouver-Burrard or anyone else to ask what it is. This resolution speaks for itself. Certainly some of our party got up in the committee and objected on account of the expense. I do not know what the others did. I object on account of the expense—not that it would amount to very much; members of parliament have their passes, so that their expense accounts would not be very large. I submit that if any hon. member wants to visit that plant on Saturday morning he should pay his own way. I do not think this country should have to pay one dollar of expense for a futile visit of this kind. I certainly hope that none of the members behind me will take advantage of this motion to the extent of even one dollar for expenses in connection with this trip. I say this, which is really all I have to say: The whole proposal to visit this plant is ridiculous.

I tried to think out what the purpose of this visit to Toronto could be, and the only conclusion I could come to was that it was a sort of smoke screen, to enable the committee to go up there and then come back and say: "Here is a fine industrial plant." Nobody questions that; I do not know whether it is or not, but I do not question that. It has no bearing at all on the Bren gun debate, which had nothing to do with the plant as it exists to-day. The debate had reference to the plant which was taken over by Major Hahn. It was a boiler plant at that time, and had been closed down—a plant which was not fit at the time the contract was let to produce munitions, as compared with other precision steel plants throughout the dominion which might have been in much better shape to produce the Bren gun. The past debate on the Bren gun had nothing whatever to do with the position of the Inglis plant to-day.

Now it is proposed to have this trip to Toronto, by fifty members of parliament, practically none of whom is an industrialist. One or two members may have sufficient engineering ability to judge a little better than the others, but I should think that forty-five out of the fifty members of that committee have had no industrial training to fit them to judge that plant or what it is doing. This whole proposal, I repeat, is not only ridiculous but is an imposition on the Dominion of Canada if one dollar is charged for the trip. I see no reason, by the way, if individual members wish to go to Toronto and look over the plant for their not doing so. It is interesting to see industrial plants, whether you understand them or not, and frankly, I really understand very little about them. But as to the government paying out money for this trip, and as to the trip serving any useful purpose, I say it is simply out of the question, absolutely and entirely.

Mr. PETER BERCOVITCH (Cartier): Mr Speaker, as I happen to be the member who moved that the public accounts committee proceed to Toronto for the purpose of inspecting this plant, and as there have been questions asked by some of the speakers as to what the motive was, may I tell this house just what prompted me to propose that motion?

I know nothing about engineering plants; I say so at once. I know nothing about the manufacture of guns, be they machine guns or any other kind. I know nothing about the manufacture of munitions, and I know nothing about boiler plants. But when I sat here and heard hon. gentlemen say in the debate that this was a broken-down old boiler plant which the government had got hold of, and that fortunes of money were going to be thrown into this broken-down old boiler plant; that the people who owned the plant and were parties to the Bren gun contract knew nothing about the manufacture of munitions, that they had had no experience in the administration of a large industry; when I was told that Major Hahn, who apparently was a prime mover acting for the Inglis company, had formerly been in the radio business, I felt that it was most important to members of the committee—

Mr. STEWART: On a point of order, Mr. Speaker, I submit the hon. member is not discussing the resolution at all.

Some hon. MEMBERS: Of course he is.

Mr. SPEAKER: I understand that the hon. member is giving the reasons why he made his motion.

Mr. BERCOVITCH: For the reasons I have just mentioned, Mr. Speaker, I felt it was of the utmost importance to the members of the committee who were called upon to judge so important a matter as the Bren gun contract that they should have the opportunity of proceeding to Toronto and seeing for themselves whether this was a broken-down old boiler plant and whether the people connected with that institution knew anything about the building of the plant.

Apparently, from what hon. gentlemen opposite have told us to-day, they do not want to proceed to Toronto because so many improvements have been made in the plant. But I want to proceed to Toronto, Mr. Speaker, to see if this contract is being carried out properly, because it is just as important to the citizens of Canada to know that the contract is being carried out properly as it is to know whether the contract was a fit and proper one to make at the time it was entered into. My motive in making the motion before the committee was to give every member of the committee an opportunity of inspecting the plant. Even though I know nothing about munitions, know nothing about engineering, know nothing about manufacturing plants, I do know enough to be able to understand whether a plant is a broken-down old boiler plant or a plant in which such materials as are required for the Bren gun may be properly manufactured, particularly when later on, after inspecting the plant, I shall be in a position to examine or cross-examine some of the witnesses who come before the com-

mittee, for the purpose of eliciting such technical details as we may require to supplement our own observations.

But, Mr. Speaker, there is an additional reason why I believe it is necessary that the members of the public accounts committee visit this plant. The members of the public accounts committee investigating the Bren gun contract have a most important duty to perform. As was mentioned in the committee the other day by the hon. member for Lotbinière (Mr. Francœur), when he read an extract from some dispatches that came through from England, the British government are being asked questions on the floor of the house regarding this very contract, and so it is of interest not only to the people of Canada but to the entire British population to know whether this plant is equipped to carry out such contracts as may be entrusted to it by the British government or by other nations in times such as these.

I did not really intend to speak on this matter, because I thought the motion would pass in the ordinary course; but in view of the discussion, and seeing that I was guilty of having made the motion in the committee, I felt it my duty to say what I have just said.

Mr. A. G. SLAGHT (Parry Sound): Mr. Speaker, it is difficult to understand the reasoning of hon. gentlemen who oppose the visit to examine this plant on a Saturday when the house is not in session, and under circumstances which will enable them to return to their parliamentary duties on Monday or even to return on the Sabbath for such observances as they wish to carry out in this city.

The hon. leader of the opposition (Mr. Manion) is running true to form in the attitude he takes with regard to this proposal.

Let me give what is to my mind the most important reason why the members of the public accounts committee should visit this plant in operation as it now is. They will walk through it, talk with the workmen, see the fine precision tools that are set up there, study the methods that are being carried out, and ascertain from Mr. Gillespie, the Lee-Enfield expert who is there in charge, as I had the privilege of doing a couple of weeks ago, whether or not this plant is efficient and up to the minute and able to carry out every obligation the company undertook; whether in view of its contract to supply 5,000 guns to the British war office and 7,000 guns to us, it is a plant which according to the doctrine and policy of George Drew and the leader of the opposition and his followers ought, according to Drew, to be closed down, and ought, according to the leader of the opposition, to have its contract cancelled. That is the important reason why the members of this committee ought to visit the plant. At this stage of the empire's need, when only yesterday in Great Britain we find it put in this way, referring to Hitler's recent march—and may I digress to deal with an expression—

Some hon. MEMBERS: Order.

Mr. SLAGHT: —of the hon. member for Grey-Bruce (Miss Macphail)—and surely she was not serious—that there is no need to manufacture guns, because all that an aggressor has to do is to march into another country and take peaceful possession of it.

Mr. SPEAKER: Order. The hon. member will stick to the motion and the amendment before the house.

Mr. SLAGHT: I bow to your ruling, Mr. Speaker. But if the hon. member thinks that Hitler's march was made without the rattle of guns and other artillery and machinery, she is very much mistaken.

Mr. DOUGLAS (Weyburn): Is that how the hon. member bows to a ruling?

Mr. SLAGHT: In Great Britain within twenty-four hours the issue was put in this way: henceforth the world and nazi Germany—

Some hon. MEMBERS: Order.

Mr. SLAGHT: This is applicable because of the desire on the other side to close—

Some hon. MEMBERS: Order.

Some hon. MEMBERS: Go ahead.

Mr. SPEAKER: I would remind the hon. member that the amendment before the house is to refer back the report of the standing committee. I must ask the hon. member not to wander about but to direct his remarks to the motion or the amendment.

Mr. MANION: Will the hon. gentleman permit me? I do not suppose he wishes to misquote me. I did not propose the closing down of the plant. What I proposed was the cancellation of the contract and the taking over of the plant, the expropriation of it by the government, the government to carry on the work.

Mr. SLAGHT: Well, we must take the picture that we got from George Drew, who from the day he published his slanderous article demanding the closing of the plant, has continued to demand it. The leader of the opposition now desires to cancel the contract and to have us wend our way through expropriation proceedings which will last the next few months, although, when we read

what happened in England yesterday, we find that the armament race is being speeded up throughout the British empire with all possible rapidity. It is really a simple matter. Why put bandages over the eyes of the committee and refuse to spend a Saturday looking at the plant? When there is a bad case afoot, nobody wants you to see what it is all about. When there is an endeavour to cancel the contract, nobody wants, as one hon. gentleman says, to have the jury see whether the contract is being efficiently carried out in an up-to-date plant, or whether the slanderous imputations which have been circulated have any truth in them. No worse deception was ever practised than the photograph which my hon. friends are still trying to perpetuate, as a misleading idea in the public prints as to what this plant consists of. That impossible photograph taken from the railroad tracks at the rear of one of the buildings, giving as disreputable an appearance as possible to that plant, is in itself a reason why it should be demonstrated to be one of the greatest political frauds practised upon the people of the Dominion of Canada. If the computation of which we read is correct, the time occupied by hon. gentlemen on the other side of the house has probably eaten up more than the $400 which is suggested as an outside figure it would have cost this committee to go and view this plant.

Mr. MASSEY: Will the hon. gentleman permit a question?

Mr. SLAGHT: Certainly.

Mr. MASSEY: If the hon. member's argument is sound, why did not Mr. Justice Davis go to Toronto?

Mr. EULER: Ask him.

Mr. SLAGHT: As I read his report, Mr. Justice Davis did not indicate why he did not go to Toronto. Without any disrespect to him, since we are having in this house innuendoes supported by pictures on the wall which do not exist—

An hon. MEMBER: Pictures in magazines.

Mr. SLAGHT: —I think he would have had an even better insight into the situation if he had gone to Toronto. It does not appeal to me and it will not appeal to the people of Canada, that this committee should bandage its eyes and refuse to make one overnight journey to the city of Toronto to look at the plant before deciding whether they are going to recommend cancellation of the contract. That is the suggestion of the hon. member for Greenwood (Mr. Massey) who has just asked the question, and of his friend George Drew, whom he so lustily supported for leadership, and who has been going up and down the country in the past few weeks preaching the closing of the Inglis plant. Does the hon. member approve of that? Let us go and look at the plant. Let us go down there and get a notion of what the evidence is about. I appeal to this house to support the report of the committee.

Hon. J. EARL LAWSON (York South): Mr. Speaker, I happen to be one member of this house who up to this time has not spoken in connection with the Bren gun matter. I rise at this time, not because I desire to participate in a debate upon the merits or demerits of the Bren gun contract, but because as one who did not actively participate in the debate when it was at its height, I might say to the members of this committee, without giving offence, that it seems to me they have drifted a long way from what I have always understood to be the points at issue in this house in connection with the whole Bren gun matter. To my mind, if one will keep in mind what was the issue when the matter left this house, it will be found to have a very great bearing on the question of the wisdom or lack of wisdom of the procedure now proposed.

Let us go back for a moment or two. As I understood the situation, in 1936 the government declared in this house as a policy that they favoured the national manufacture of defence materials. I understood at the time that that was a declaration being made by the responsible minister of the crown, the Minister of National Defence (Mr. Mackenzie). Then an article appeared in a magazine, and it was alleged that munitions were being made by private enterprise. As a result of that a royal commission was appointed and a royal commissioner made a report. The royal commissioner in his report made findings of the fact with respect to all but two matters. One of those matters, he said, was a question of policy for the government; the other was as to whether the contract was provident or improvident. Those two things, he said, were matters for the parliament of Canada. Hence it came back here; hence we had a reference to the public accounts committee. I submit that the reference was not made to that committee for the purpose of determining whether Inglis had or had not a plant. I submit the reference was not made to the public accounts committee for the purpose of reviewing the very things in respect of which a royal commissioner had made a finding. It was submitted to the committee for the two purposes which I have pointed out. Therefore I say that the issue, as I

have always understood it, speaking from an absolutely non-partisan political standpoint, is this: What is to be the policy of Canada with respect to the manufacture of defence material? Will anyone tell me what earthly purpose is to be served by going to inspect a plant from the point of view of determining what should be the policy of this country? It is true that in the course of debate in this house critics questioned whether the contract made by the government was provident or improvident, but not because of the condition of the plant; that is beside the point. The criticism that was made in this house, as I understood it, was that gentlemen in private enterprise were permitted to take a plant which cost $100,000, plus some balance of $110,000 in bonds, and by a process of valuation convert that into $1,500,000 and then extract $1,250,000 of the stock of that company—

Mr. DUNNING: Order.

Mr. LAWSON: I think I am perfectly in order. I submit that was a feature of the allegation of providence or improvidence. I submit that is a question with which this committee should concern itself. But will anyone suggest to me how you are going to be assisted in determining that question by going and looking at a plant, leaving aside its efficacy or otherwise?

Mr. MUTCH: What possible harm could it do for the committee to see it?

Mr. LAWSON: If by harm is meant harm to the gentlemen who may go and see the plant, I do not see how it can possibly do them any harm. On the other hand would anyone think I was in my right senses—

An hon. MEMBER: You are not.

Mr. LAWSON: Thank you for the compliment. Would anyone think I was in my right senses if I advocated, for example, that the civil service committee should go out as a body and view all the public buildings across Canada because this country has millions of dollars invested in them? An hon. member to-day was arguing with great vigour that we should go and visit this plant because the government has advanced $800,000 odd for the purchase of machinery in it. That I submit is entirely beside the point.

Let me give my hon. friend the second phase of the answer to his question—and his question permits me to say something that I had no thought of when I got up in the first place. I will tell you the harm that will be done. You are avoiding—and when I say "you" I am using it in an impersonal sense—the issue in this case, which should be kept clearly before the public, namely, what is to be the policy of Canada with respect to the manufacture of defence material—

Mr. McLEAN (Melfort): That is not the issue at all.

Mr. LAWSON: —and not whether the Inglis plant is a good plant or a bad plant, an efficient or inefficient plant. I have been long enough associated with my friend the hon. member for Parry Sound (Mr. Slaght) in the practice of our common profession to recognize the tactics of setting up a straw man to knock him down. That is a favourite practice of lawyers.

Mr. McLEAN (Melfort): Is that what the Bren gun charges were?

Mr. LAWSON: In my opinion that is what is being attempted now, to set up a straw man, to introduce an issue which is not the real issue before this country.

I propose to vote against the house instructing this committee as an official act to go and visit this plant. I do not care if every individual member of the committee or every individual member of this house goes and inspects the plant personally. I wish to make clear to the house and the country my reason for the stand I take in this matter. It simply avoids the real issue which is before the public accounts committee, that issue being: What shall be the policy of this government and this country with respect to the manufacture of munitions, and was the Bren gun contract a prudent or imprudent contract in the circumstances?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend who has just taken his seat (Mr. Lawson) says he objects to this house directing a committee to go to Toronto to view a particular plant. That is not a true statement of the position.

Mr. LAWSON: May I change the word to "authorize"?

Mr. MACKENZIE KING: Well, that makes a very great difference, because what we are considering at the moment is whether we shall meet or refuse the request of a committee which was appointed for a specific purpose and which committee now has asked, in order to enable it to make its investigation as thorough and complete as possible, that it may have permission to go and view the premises that are a subject of discussion. The general rule in parliament where committees have been appointed for specific purposes is for the government to follow as closely as it can the recommendations of the committee.

In the event of opposing the recommendation of a committee the government should have very strong reasons for so doing. I would say therefore first of all that it is the duty of the House of Commons, where it has appointed a committee for a specific purpose and the committee asks for certain opportunities to pursue its work more intelligently, to support the committee's request. That would be my reason first of all for supporting the request of the committee and opposing the amendment which seeks to refuse what seems to be and is a very reasonable request.

Might I ask this question? Assume that no such motion had been proposed in the committee, that no such recommendation had been made to this house, and that after the committee had concluded its proceedings its report came back to this house, what, in all probability, would be the first thing said in criticism of the committee if they had not taken an opportunity to view the premises which were the subject of discussion in connection with the contract they had to consider? We would be told, as a very first argument we would hear from hon. members opposite, that the committee appointed to look into a contract which involved this old, broken-down boiler plant never even took the trouble to go near the plant, that in fact they had been very careful to keep away from the plant altogether. Why did they keep away from the plant, would be the next question to be asked, and the answer given would be that they knew very well that if they went to the plant a condition would be exposed there such as they did not desire to place before the house and the country. I leave it to hon. members if that is not exactly the kind of criticism that would be made.

Mr. LAWSON: Would the right hon. gentleman permit a question?

Mr. MACKENZIE KING: Well, there have been so many questions this afternoon I would prefer not to have further questioning, as my argument is going to be about the amount of wasted time in this house to-day.

Some hon. MEMBERS: Oh, oh.

Mr. MANION: The same old story.

Mr. MACKENZIE KING: Yes, the same old story.

Mr. MANION: There would not have been any waste time if you had not given the Bren gun contract.

Mr. MACKENZIE KING: I am very glad the leader of the opposition has said "the same old story," because it is perfectly clear that there is a reason why it is the same old story. The time of this parliament is being taken up too largely in discussions which are absolutely unnecessary and a pure waste of time. The discussion this afternoon, from beginning to end, has been of that character so far as enabling this house to pass intelligently upon the motion which is before it is concerned. The question is simply that this house shall say whether or not, when a committee appointed by itself asks permission to go to Toronto to view certain premises, it should be permitted so to do. One hon. member could have made a statement of the arguments against, and one hon. member could have replied, and upon hearing the two statements every hon. member would have been able completely to satisfy his mind.

But what do we find? One hon. member after another in the benches opposite got up and repeated the same statements as were made by previous speakers. Here and there others, going wide of the resolution altogether, had to be repeatedly called to order by Mr. Speaker; all this time has been taken up discussing this small matter—because I think if necessary I can show in a moment how small it is—until, in order that it might not be said that the government had not even sought to reply, or could not reply, one or two members on this side have made the replies that were necessary.

Mr. MacNICOL: Five.

Mr. MACKENZIE KING: If hon. members will read the list of those who have spoken during this debate they will see how many on the opposite side took part and repeated the arguments previously advanced before anyone from this side of the house said a word. I am sure I should not have been speaking at this moment if the leader of the opposition (Mr. Manion) had not joined in the debate; and if others, including ex-cabinet ministers, had not continued the discussion, talking at such length about this little question of whether or not a committee should go to Toronto to view certain premises, I am certain other hon. members on this side would not have said a word. I can vouch for this fact; for I was asked by the whip of our party whether or not it was advisable for our people to take part in the debate, and I said, "For goodness' sake do not waste further time over this matter, unless it is necessary because of what other speakers have said."

Mr. LAWSON: My right hon. friend is giving away confidences.

Mr. MACKENZIE KING: I have no objection to doing that. My objection is that my hon. friend is afraid to let anything be known or anything be seen. He does not want the

committee to have the opportunity of doing something which will serve to satisfy its own mind. I ask this question, with regard to people who are seeking in their own minds to understand a problem. Is it not a wise procedure, where there is a great question which involves matters of plant, industrial processes and the like, to familiarize oneself as quickly as possible with all essential features? I would say that the people of this country will think the committee have taken a very wise step when they have sought at the very beginning of their inquiry to get into their minds as clearly as possible the whole system of industrial processes essential to the production of this particular arm.

May I say to the hon. member for York South (Mr. Lawson), who spoke just a moment ago, that if the issue were—as it is not—whether it is better to have public or private ownership in respect of the manufacture of Bren guns and other armaments and military equipment, one of the first things which ought to be done by those who wanted to speak intelligently on the question would be to find out what the industrial processes were and what they involved in the way of expenditure on plant, equipment and the like. They would then be in a position to determine whether or not a government would be wise in undertaking a particular work itself or whether it would be better advised to leave it to private industry which has to equip itself for other purposes as well. So I think the recommendation of the committee is very wise and sensible, and I believe it will be so regarded by the people of the country.

If the government were seeking to oppose a committee of this house going to investigate a plant which was the subject of discussion and which had been talked about in the manner in which this plant has been referred to, I could quite understand why there would be very considerable debate and why the government in any such attitude would be strongly opposed. I must confess that I have not heard of many other cases, with the exception of those that have arisen this session, in which, when the government was seeking to let in more light, it was deliberately obstructed in so doing. That has been the nature of the tactics of hon. gentlemen opposite this afternoon, to prevent hon. members on this side of the house—even if others do not wish to go—from obtaining the additional information and additional light they wish to have in regard to the consideration of one of the great public questions of the day.

Mr. MANION: They could all go on their own, as individuals.

Mr. MACKENZIE KING: What is to be gained by raising a point such as that, that they could all go as individuals? They are a committee appointed for a particular purpose. The most satisfactory way for a committee to deal with any question is to deal with it collectively, not to be going here and there as individuals. I do submit that what my hon. friend from Winnipeg South (Mr. Mutch) said a moment ago is wholly pertinent. He asked: Who is going to suffer, anyway, as a result of the committee going to Toronto? What harm is going to be done? If it was going to injure anyone; if it was going to destroy the reputation of the city of Toronto because a committee of this house were going up to investigate an industrial plant there, there might be some argument. But when there is nothing to be said against anyone and everyone in this parliament viewing a plant of this kind, for the life of me I cannot understand why a recommendation of this sort should be opposed. It seems to me the committee will have everything to gain and nothing to lose by the extra information and knowledge its members will gain.

Here, however, is the real question, the one the public is going to ask: In a matter of dollars and cents how much has this afternoon's discussion come to, as compared with the cost of having the committee go to Toronto? That is the kind of question in which the public of Canada are interested to-day. I do not wish to go into mathematical calculations at the moment, but I have not the slightest doubt that in the little space in the *Globe and Mail* devoted to what parliament has been doing we shall find a mathematical calculation giving the cost of this afternoon's discussion. How much of the people's money has it cost to have the discussion we have had in this house this afternoon?

Miss MACPHAIL: May I ask the Prime Minister if he agrees with the *Globe and Mail,* that every hour parliament meets costs so much money, that it can be reckoned in dollars and cents?

Mr. MACKENZIE KING: No, I do not; I am far from agreeing.

Miss MACPHAIL: Then why seem to agree with it?

Mr. MACKENZIE KING: I was not. I was simply asking: why give the *Globe and Mail* any reason to quote one instance which they may cite, which is obvious, as against

the very reasonable, right, proper and necessary deliberation of public questions by parliament by means of reasoned discussion and debate? I do say, however, that we shall have weighed by the people of this country how much time and money has been wasted in this parliament this afternoon over the trivial question of whether a number of members constituting a committee of this house should have the right to go to Toronto and come back, particularly when it is known, as has been said, that they all have railway passes of their own and that in addition most of them are themselves meeting what else there may be in the way of other incidental expenses. We have been almost—and if we were to have a recorded vote in connection with this motion I think we would be actually —half a day discussing this question.

May I add one further word. We have been told by some hon. gentlemen opposite that it is within the power of the government to control the proceedings of this house. That is so up to a certain point; but if hon. gentlemen in any part of the house seek deliberately to obstruct and unduly prolong its proceedings they can avail themselves of many facilities by means of which that may be done. What we have had this afternoon has shown how easy it is if hon. members wish to make a mountain out of a molehill; they can take up the time of parliament to that end, at great expense to the country.

The house divided on the amendment (Mr. MacNeil) which was negatived on the following division:

YEAS

Messrs:

Baker
Barber
Black (Mrs.) (Yukon)
Blackmore
Brooks
Brown
Casselman
Church
Clarke (Rosedale)
Coldwell
Douglas (Weyburn)
Esling
Fair
Green
Hansell
Harris
Hayhurst
Heaps
Homuth
Hyndman
Jaques
Kennedy
Kuhl
Landeryou
Lawson
Leader
Lennard
Lockhart
McGregor
MacInnis
MacNeil
MacNicol
Macphail (Miss)
Manion
Marsh
Marshall
Massey
Pelletier
Perley
Quelch
Ross (St. Paul's)
Rowe (Athabaska)
Spence
Stevens
Stewart
Stirling
Thompson
Tustin
White
Woodsworth—50.

NAYS

Messrs:

Barry
Beaubien
Bercovitch
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Blanchette
Bonnier
Bothwell
Bouchard
Boulanger
Bradette
Brunelle
Cameron
Cardin
Chevrier
Clark (Essex South)
Clark (York-Sunbury)
Cleaver
Crerar
Davidson
Deachman
Denis
Deslauriers
Donnelly
Douglas (Queens)
Dubois
Dubuc
Dunning
Dupuis
Dussault
Emmerson
Euler
Evans
Factor
Fafard
Farquhar
Ferland
Ferron
Finn
Fiset (Sir Eugène)
Fleming
Fontaine
Fournier (Hull)
Francœur
Fraser
Furniss
Gardiner
Gauthier
Girouard
Gladstone
Glen
Golding
Goulet
Grant
Gray
Hamilton
Hanson
Hartigan
Hill
Howden
Ilsley
Isnor
Jean
Johnston (Lake Centre)
King, Mackenzie
Kinley
Kirk
Lacroix (Quebec-Montmorency)
Lalonde
Lapointe (Quebec East)
Leclerc
Leduc
Little
McCallum
McCann
McCuaig
McCulloch
Macdonald (Brantford City)
McDonald (Pontiac)
McDonald (Souris)
McGeer
McIntosh
McIvor
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Melfort)
MacLean (Prince)
McLean (Simcoe East)
McNiven (Regina City)
McPhee
MacRae
Mallette
Martin
Matthews
Maybank
Mayhew
Moore
Motherwell
Mutch
Neill
O'Neill
Parent (Terrebonne)
Patterson
Pinard
Plaxton
Pouliot
Power
Purdy
Reid
Rennie
Rhéaume
Rickard
Rinfret
Robichaud
Ross (Moose Jaw)
Sanderson
Slaght
Sylvestre
Taylor (Nanaimo)
Taylor (Norfolk)
Telford
Thauvette
Tomlinson
Tucker
Turgeon
Turner
Veniot
Ward
Warren
Weir
Winkler
Wood
Young—137.

PAIRS

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

Messrs:

Elliott (Middlesex West)	Senn
Ross (Middlesex East)	Anderson
Howard	Cahan
McNevin (Victoria, Ont.)	Graydon
Lacroix (Beauce)	Rowe (Dufferin-Simcoe)

Mr. GRAYDON: I was paired with the hon. member for Victoria, Ont., (Mr. McNevin). Had I voted, I would have voted for the amendment.

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

Mr. J. H. HARRIS (Danforth): Mr. Speaker, I think I was on my feet just as fast as you were. Now that hon. members have decided to come to Toronto, may I on behalf of the city of Toronto issue a royal welcome? I do not know of any other place in Canada where you can spend two or three weeks on a Sunday afternoon any better than you can in the city of Toronto.

To get back to the main motion: Among other things, hon. members will have to consider a plant and the production of machine guns. It has been my pleasure to have known this Inglis organization for some thirty years. Many thousands of dollars' worth of machinery have come from that plant, but perhaps I am not in order in discussing it now that that portion of the resolution has been disposed of. I want to leave this one thought with hon. members of this house. If they will look around this chamber and take away all the frills we have here, they will have before them a room of about the size of the plant they are to visit. There will be a large crane in operation lifting up pieces of machinery; but they must realize that such a plant is not at all suitable for the particular job of work covered by this contract. Hence the necessity of building another plant with low ceilings to accommodate shafting, pulleys and what-not to operate the lathes, and so on, for the production of the precision machine covered by the contract.

It is only my purpose to speak for another thirty seconds or so, but before I take my seat let me say: Come up and see us some time. I have three little booklets which tell a whole lot about the city of Toronto, and I hope that you all have a pleasant time when you do come up to see us.

Motion (Mr. Fraser) agreed to on division.

DAIRY INDUSTRY ACT

AMENDMENT TO PROHIBIT THE USE OF THE WORD "BUTTER" TO DESIGNATE CERTAIN PRODUCTS

Mr. J. H. LECLERC (Shefford) moved for leave to introduce Bill No. 44, to amend the Dairy Industry Act.

Some hon. MEMBERS: Explain.

Mr. LECLERC: Mr. Speaker, the object of this bill is to prohibit the use of the word "butter," to the detriment of our producers, in the sale of products which are not butter—for example, peanut "butter."

Motion agreed to and bill read the first time.

PRIVATE BILLS

SENATE BILLS—FIRST READINGS

Bill No. 41, for the relief of Edythe Marjorie Burke Atkinson.—Mr. Heaps.

Bill No. 42, for the relief of Marie Louise Rossetti Di Rosa.—Mr. Macdonald (Brantford city).

QUESTIONS PASSED AS ORDERS FOR RETURNS

ST. HELEN'S ISLAND, MONTREAL, SAND DELIVERIES

Mr. WALSH:

1. What quantity of sand, if any, was delivered by vessel to St. Helen's island, port of Montreal, during 1937?

2. By whom was such sand delivered?

3. What was the rate of wharfage, or top wharfage, in effect during the period that such sand was being placed at St. Helen's island?

4. What quantity of sand (in tons of 2,000 pounds) was delivered during that year to this St. Helen's island project?

5. Were any representations made to the Department of Transport or the national harbours board in connection with waiving the wharfage, or top wharfage, charges on this sand delivery?

6. If so, by whom were such representations made?

7. Was the wharfage, or top wharfage, waived?

8. If so, why, and for what period?

9. What amount would have been collected on this traffic if top wharfage charges had not been waived?

CADET SERVICES, EXPENDITURES

Mr. MALLETTE:

What amount has been expended by the government on cadet services, per province, for the financial years ending March 31, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937 and 1938, respectively?

CAPE BRETON, N.S., GOVERNMENT AIRPORT

Mr. BROOKS:

1. Is the government constructing an airport in Cape Breton, Nova Scotia?

2. If so, where is it located, and what are the dimensions and probable cost of same when finished?

3. From whom was the land purchased, and what price was paid for it?

4. Was any of the land secured from the provincial government of Nova Scotia?

5. If so, how much?

6. What was the price paid therefor?

7. What is the name of the broker or agent who arranged the transfer, and price paid for services, including fees?

NATIONAL DEFENCE

REPORTED REQUEST OF ADVISORY AIR COUNCIL FOR RESIGNATION OF MINISTER—STATEMENT OF THE PRIME MINISTER

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Yesterday the hon. member for Vancouver North (Mr. MacNeil) asked me this question:

Has the Air Defence Council of Canada communicated with the Prime Minister requesting the resignation of the Minister of National Defence (Mr. Mackenzie) because of unsatisfactory conditions with regard to air defence, as reported in the Winnipeg *Free Press* of March 10, in a news dispatch over the signature of Major Moore?

I replied at the time that I did not think the question was one to be asked on the orders of the day, but I said that I was not aware of any communication of the kind having been received, which was correct at the time. I have since sought to find out if any communication at all had come to my office, and I find that none has come.

I have also had opportunity for the first time since the question was asked to see the article itself. It invades to such an extent the privileges of this house that I think I should say a word with respect to it.

I also have received, wholly unsolicited, telegrams from members of the advisory air council, who are the parties referred to in the article. I think it is right that they should be put on record in answering the question of the hon. member for Vancouver North.

Let me first of all correct his designation of the particular council. He called it the Air Defence Council of Canada. It is the Advisory Air Council, and is so referred to in the article of which he made mention. The article appears in the Winnipeg *Free Press* of March 11 last, and is headed thus: "Stultified?" Then there is a subhead reading:

Advisory Air Council Reported Dissatisfied with Administration.

By Harold Moore.

The article is as follows:

Montreal, March 10 (Special).—It has long been common knowledge that the air defence council of Canada has been gravely concerned over conditions in the department of defence, and the council is now understood to have communicated to the prime minister its recommendation that the Hon. Ian Mackenzie be requested to resign as minister of defence.

The air defence council was appointed more than a year ago by the minister as an advisory body to see that Canada was being provided with adequate air defence. Its well known members have had outstanding experience in military aviation. By their steady application to a difficult task, they inspired in the public some confidence that proper measures are being adopted to give Canada air defence, and raised the hope that a lamentable situation would be corrected. The creation of the council and the selection of its members were offered by the minister himself as an assurance that progress in air defence would be made and that dubious practices in awarded contracts would not be tolerated.

These assurances were felt to be justified by the personnel of a council which includes: Hon. Air Marshal W. A. Bishop, Montreal; Hon. Air Commodore Redford H. Mulock, Montreal; Squadron-Leader A. D. Bell-Irving, Vancouver; Capt. H. J. Burden, Toronto; Squadron-Leader F. C. McGill, Westmount, P.Q.

The air defence council has not concealed that it met with many obstacles put in its way, and it is claimed to have despaired some time ago of being able to do anything effective so long as the present minister of defence insisted on sustaining elements blocking progress and seeming to countenance practices that have aroused disturbing convictions and suspicions.

Some members of the air defence council have candidly admitted that the situation confronting the council is baffling and unendurable, and they have not concealed their personal disgust and have at times individually threatened to resign.

The views held by the air defence council are no longer any secret, and must be the basis of any communication the council is said to have addressed confidentially to the prime minister. The only inference that can be drawn from that action is that, either the minister of defence and what he stands for must go, or else the air defence council should resign. The council has striven sincerely to do a good job of work, but its members cannot afford to submit to being thwarted by obstacles raised officially and sometimes unofficially.

Then there are some other paragraphs of lesser importance, and the article concludes with the following paragraph:

The air defence council makes no attempt to conceal its condemnation of the hopeless muddle it has discovered.

The house will observe that this is a direct statement; it is not an assumption or allegation, but a direct statement. The article continues:

It is freely known to be dissatisfied with an administration at the top that is steadily ruining the fine quality found in most of the junior members of the R.C.A.F. It disparages without having the power to correct favouritism. It is said to demand a clean sweep to permit a thorough reorganization. Its disapproval of very much that has come under its purview is frank and unrestrained. Whether this has been conveyed confidentially to the prime minister may never be revealed, but the council's disapprobation of the present whole administration of the air branch of the department of defence is no secret.

I need not repeat that nothing of any kind such as is suggested in that article has ever reached me from any source whatever. I wish, however, to answer the article by telegrams which have come to me yesterday and to-day from the members of the advisory air council. Let me repeat the reference in the article to the personnel of the council:

Its well known members have had outstanding experience in military aviation. . . . These assurances were felt to be justified by the personnel of a council which includes:

Then the names are mentioned.

Wholly unsolicited, I received late in the day yesterday the following telegram from Air Vice-Marshal W. A. Bishop, V.C., a name than which there is none more honoured in this country:

Montreal, Que.,
15 March, 1939.

Rt. Hon. W. L. Mackenzie King,
Prime Minister, Ottawa, Ont.

With reference to the questions asked you in the House of Commons this afternoon quoting the Winnipeg *Free Press* of March tenth last about alleged recommendations of the honorary air advisory committee as to the resignation of the Minister of National Defence or any other person in his department, they are not only absolutely false but entirely ridiculous. As a member of the committee I state with assurance that we are unanimously and strongly in support of the minister's actions and policy and are confident that everything possible that can be done with the means at his disposal is being most efficiently done.

W. A. Bishop,
Vice Air-Marshal.

Then from Vancouver, British Columbia, I received another telegram, dated March 15, it was from Wing-Commander A. D. Bell-Irving:

Rt. Hon. W. L. Mackenzie King,
Prime Minister, Ottawa, Ont.

Having read article in Winnipeg *Free Press* of tenth instant relating to air advisory committee and Honourable Minister of National Defence I wish to assure you that as far as I know the minister has the unqualified support of air advisory committee. Naturally committee hopes that further urgently necessary progress may soon be made in developing this service but report that committee has requested minister's resignation or even contemplated doing so is false and entirely without foundation in fact.

A. D. Bell-Irving,
Wing Commander.

Then from Montreal, also dated March 15, I received the following telegram from Wing Commander F. S. McGill:

Rt. Hon. W. L. Mackenzie King,
Prime Minister, Ottawa, Ont.

The article which appears in the Winnipeg *Free Press* under date March tenth 1939 stating that the members of the honorary advisory committee for airports matters were dissatisfied with the Minister of National Defence and demanding his resignation has just been brought to my attention. It is hard to understand how a paper of this standing would publish such a false statement without verifying its authenticity and I feel in all fairness to the members of our committee they should at least be forced to retract. We have always found the Minister of National Defence anxious and willing to cooperate and we feel he is the right man in the right place. There is no truth in the report that we asked for the resignation of the said honourable minister.

F. S. McGill,
Wing Commander.

This morning I received the following wire from Air Commodore R. H. Mulock. It is from Montreal:

Right Hon. W. L. Mackenzie King,
Prime Minister, Ottawa, Ont.

I understand questions were asked in the House of Commons re an article appearing in the Winnipeg *Free Press* on March tenth. This article insinuates or states that I have criticized the Minister of National Defence and his policies to you. This is absolutely false and contemptible.

R. H. Mulock,
Air Commodore.

There is one other telegram. It is dated Toronto, Ontario, March 16, and was received to-day:

Right Hon. W. L. Mackenzie King,
Prime Minister, Ottawa.

Sir: The article in Winnipeg *Free Press* March tenth stating honorary air advisory committee is dissatisfied with Minister of National Defence is a falsehood and a reflection on our committee. The author and publisher should be severely dealt with for making statements without confirming them beforehand. Our committee is in complete accord with the Minister of National Defence both as to his policy and action. He has kept us informed of all matters pertaining to our service and rendered us every assistance. I speak for myself and the members of the committee when I say that we have nothing but the highest regard for the Honourable Ian Mackenzie.

H. J. Burden.

Mr. Burden is a captain in the air force. The five persons from whom these telegrams have been received comprise the complete membership of the Air Advisory Committee. This record speaks for itself.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

NATIONAL FILM BOARD

REVIEW OF GOVERNMENT FILM ACTIVITIES—INTERDEPARTMENTAL COMMITTEE TO CENTRALIZE DISTRIBUTION

Hon. W. D. EULER (Minister of Trade and Commerce) moved the third reading of Bill No. 35, to create a national film board.

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

NATIONAL DEFENCE

CREATION OF DEFENCE PURCHASING BOARD TO ENTER INTO CONTRACTS FOR MUNITIONS, EQUIPMENT, MATERIALS AND SUPPLIES

The house resumed from Tuesday, March 14, consideration in committee of Bill No. 38, to establish a defence purchasing board—Mr. Mackenzie (Vancouver)—Mr. Sanderson in the chair.

On section 3, subsection 5—Salary of chairman.

Mr. STIRLING: I want to ask the minister once more whether he would be good enough to give us some general idea of what the government has in mind in regard to the composition of this board. There has been a remarkable degree of unanimity with regard to the earlier stages and the general principle of this bill. No doubt as the discussion is carried along hon. members will express divergent opinions on the details. But the government could hardly have got to the point of setting up a measure to bring into being a board so remarkable as this from various points of view without at least reaching the point of discussion of the type of persons they propose should occupy the four positions on the board. Various opinions have already been expressed as to what sort of men they should be. The Hon. Mr. Justice Davis, the royal commissioner, expressed his view, and many opinions have been voiced as to how this unusual board should be composed. Could the minister not give us some idea as to the direction in which the government's mind has been moving as to the personnel of the board?

Mr. MACKENZIE (Vancouver): I appreciate the suggestion of cooperation in the remarks of my hon. friend. I did the other evening intimate that the government's opinion is that the value of the board will depend almost entirely upon the personality of the chairman. It is, if I may say so, a tribute to the government that they have not too rigidly considered the essential nature of that appointment. As I said in my few remarks on the resolution, I shall be most happy to receive suggestions from hon. members, either in this committee or otherwise because I think the board should have the approval, in essence and principle and if possible as to personnel, of all hon. members of the house. As I said the other day, my own opinion would be—I am speaking entirely for myself—that we should have as chairman a qualified industrialist with business experience in purchasing, one who has been accustomed to dealing with business affairs in a business way, because this is really a tremendously large business concern. I can assure my hon. friend that in regard to any individual the government has a completely open mind.

With respect to the three assistants, as I said before there are no definitive reservations with reference to their occupation. We have before us the suggestions of the eminent jurist the commissioner, but we are not bound by them. I should sincerely welcome suggestions from this committee; the government will as far as possible meet the conjoint wishes of the house with reference to the type of person to be appointed.

Mr. STIRLING: The minister says that the government have not given very much consideration to what type of people the other three members shall be. I do not think the minister has said whether it is the desire of the government that they should be chosen geographically, whether they will be handy to Ottawa where their meetings will usually be, presumably—

Mr. MACKENZIE (Vancouver): I think the bill says that.

Mr. STIRLING: Of course that point has some bearing on the matter of expense. Can the minister assure the committee that the choice of the three other members will have no connection with the political persuasion of the government? It is a common thing, we all know, that members of boards such as this are selected in accordance with the

views of the government of the day. If the minister is in a position to give some statement on that point I think it would be appreciated by the committee.

Mr. MACKENZIE (Vancouver): I shall be very glad to have the advice of any hon. member with reference to the other three members of the board, just as in regard to the chairman. It is emphatically my own opinion that they should not necessarily be appointed because of their political persuasion, but I do not think sympathy with the government should be a bar to appointment. I think that is a fair qualification.

Mr. STIRLING: The minister does not mean that no Liberals need apply!

Mr. ROSS (St. Paul's): It seems to me that there is not going to be close enough cooperation between the board and the Department of National Defence in connection with the letting of contracts. The department will requisition certain things from the board, then the board will look around and choose some contractor by tender or otherwise. The board is going to look at it altogether from a purchasing point of view. Where is the best place to manufacture these arms and munitions in case we ever get into trouble? Has it ever occurred to us, for instance, that in time of trouble we are likely to have sabotage? In any crowded city, what chance have we to guard against sabotage? We have foreign elements all over the country, and we know we are going to have a good deal of difficulty in connection with sabotage, in regard to power for example. When the board has to make its contracts without close cooperation with the Department of National Defence I do not see how it is going to be capable of choosing contractors and giving the proper recommendation to the finance department without having one member of the board sitting on the national defence council. I urge the minister to take that into consideration. For instance we have a contract under way in Toronto, which is probably going to be extended, and in time of war there would be danger of sabotage. We all know what subversive influences there are in the country.

Mr. YOUNG: In Toronto?

Mr. ROSS (St. Paul's): One of the members of this board should sit in with the Department of National Defence so that there shall be close cooperation. In that connection I was wondering whether this board is to have anything to do, for instance, with altering the policy of the chief of general staff. Perhaps the minister would answer that.

[Mr. Stirling.]

Mr. MACKENZIE (Vancouver): I think the first part of my hon. friend's suggestions was developed the other evening and we had a vote upon it. I stated then, and I repeat now, that personally I do not see any difficulty in having the head of this purchasing board attached to the defence council if in future that should be considered advisable, but that need not form part of this legislation. With regard to the second point, naturally the recommendations of the chief of staff and of the defence council will have the same weight they have always had. In regard to essential purchases those will remain, as will be seen from the legislation, very largely a matter of consultation between the head of the purchasing board and the expert advisers of the Department of National Defence.

Mr. CHURCH: With regard to section 4, to which the minister referred, which provides—

The CHAIRMAN: Order. We are on subsection 5 of section 3.

Mr. CHURCH: If you read sections 4 and 5 together the procedure becomes rather complicated. The tender may be accepted where practicable, if it is the lowest. I have had a great deal of experience—

The CHAIRMAN: I do not like to interrupt the hon. member, but we are now on subsection 5 of section 3.

Mr. CHURCH: It is hard to know what section we are on, because the sections are not read.

Mr. MACKENZIE (Vancouver): We are on section 3. Subsection 4 was allowed to stand, and we are now dealing with subsection 5. We will come to my hon. friend's point a little later.

The CHAIRMAN: Shall subsection 5 carry?

Mr. POULIOT: No. Just before this carries I should like to ask the minister if he has made sufficient progress since the other day to be able to state whether Hon. Wesley Gordon, former minister of labour, or Mr. Tom Moore, will be chairman of this board?

Mr. MACKENZIE (Vancouver): I have stated two or three times during the discussion of this bill in committee that as yet no individuals have been even considered by the government or by the minister with reference to this position. That is as definite and emphatic as I can make the statement.

Mr. POULIOT: I thank the minister for his answer, but I wonder if he has received any applications or recommendations for the job.

Mr. SPENCE: He has hundreds of them, I guess.

Mr. MACKENZIE (Vancouver): No, as a matter of fact my hon. friend would be surprised; there have been very few applications or recommendations. It is possible that as a result this position will go to someone who may not apply for it.

Mr. POULIOT: The minister may be sure that he will not receive my application for either position.

Mr. ROSS (St. Paul's): Is it the intention that tenders will be called for, or will the contracts be let to picked firms?

The CHAIRMAN: The hon. member is out of order. We are not dealing with contracts; we are still on subsection 5.

Subsection 5 agreed to.

On section 3, subsection 6—Expenses and allowances of members.

Mr. POULIOT: Mr. Tom Moore incurred some very heavy travelling expenses when he was on the other commission, and I warn the minister about it.

Subsection 6 agreed to.

Subsection 7 agreed to.

On section 3, subsection 8—Equal votes.

Mr. MacNICOL: This section reads:

In the event of an equality of votes at any meeting of the board the chairman shall have a casting vote.

Does he have two votes?

Mr. MACKENZIE (Vancouver): This subsection is inserted because the board consists of four members, and there might be an equality of votes. In that case the chairman would have a casting vote in addition to his ordinary vote.

Subsection 8 agreed to.

Subsection 9 agreed to.

On section 3, subsection 10—Meetings of board.

Mr. STIRLING: Does the minister anticipate that the meetings will be largely in Ottawa?

Mr. MACKENZIE (Vancouver): I think that will be necessary, but it would not follow that the suggestion made by my hon. friend a few moments ago with reference to territorial qualifications for these other commissioners would be debarred.

Subsection 10 agreed to.

On section 3, subsection 11—Oath of office.

Mr. STIRLING: Is this not an unusual section? Is there any other instance of the kind in the public service in connection with any board?

Mr. POWER: I asked that very question and I was told there were other instances, in the Bank of Canada act and one or two pieces of legislation. I had never seen it before, like my hon. friend, but it does exist in other statutes.

Mr. POULIOT: Is it because the government are not sure of the faithfulness of those to be appointed on this board that they provide for this oath?

Mr. MACKENZIE (Vancouver): It is because the government want to be very sure of their faithfulness. I think it is a very good thing to have a suggestion like this, having regard to the efficiency of the public service.

Mr. ROSS (St. Paul's): I did not hear the minister very clearly. Did he say the government were going to have the chairman of this board sit on the defence council, or is he just going to be consulted occasionally?

Mr. MACKENZIE (Vancouver): I repeated exactly what I said the other evening.

Mr. ROSS (St. Paul's): Then there will not be close cooperation between the purchasing board and the defence council. Is there any objection to having the chairman of this board sit on the defence council, or called into consultation with the defence council? It seems to me most important that we endeavour to obtain that close cooperation, for the reasons I have just pointed out. If the chairman of the board is just going to be asked to go there occasionally, how will you get that cooperation? It is not a matter of having cooperation once a month or once every two weeks, or something like that. It seems to me that as matters go along and policies are developed it would be of the utmost importance to have this prominent man, who will understand contracts and who will be an industrialist as well, on hand to advise this council, and that they should take his advice, more especially in connection with ordnance matters. I urge that something like this be done.

Mr. MACKENZIE (Vancouver): I can only repeat what I have said already, that when matters develop and progress, if it is

considered necessary to carry out the suggestion of my hon. friend that can easily be done; but it is not necessary to make that part of this legislation.

Subsection 11 agreed to.

On section 3, subsection 4—Chairman to devote whole time.

Mr. POWER: An amendment to this subsection was suggested by the hon. member for Weyburn (Mr. Douglas). I now move that subsection 4 of section 3 be struck out and the following substituted therefor:

(4) The chairman, who shall be the chief executive officer of the board, shall devote his whole time to the business of the board, and shall not, after his appointment as chairman, be an officer, or a director of any industrial corporation or company, or a shareholder of any corporation or company manufacturing guns, cannon, small arms, munitions, naval ships, military aircraft or other equipment or supplies used exclusively or primarily for war purposes.

I think that covers every kind of armament the draftsman could think of.

Mr. MacNICOL: It does not cover what I asked; it applies only, as I see it, to an industrialist who might be chosen as chairman.

Mr. POWER: No. Anybody can be a shareholder in an industrial corporation. I imagine my hon. friend, like probably dozens of members of this house, is a shareholder in several industrial corporations.

Mr. DOUGLAS (Weyburn): This is an excellent amendment; it considerably strengthens the position of the board and of the government. The point raised by the hon. member for Davenport reminds me that during the investigation by the parliamentary committee in Great Britain it was found that during the war, for instance, military advisers on the defence council were also directors of some of the armament firms. While there may have been nothing wrong with the relationship, the attitude in the public mind especially—

Mr. POWER: So was the chairman of the British royal commission.

Mr. DOUGLAS (Weyburn): The feeling after the war, particularly when the peace settlement was so strong, caused a revulsion of feeling in Great Britain which has not gone yet. I think that on this amendment the government is to be commended.

Mr. PELLETIER: I agree with the observations of the hon. member for Weyburn with respect to the amendment to the section proposed by the minister. I too feel it is very important that no possible criticism should be attached to the chairman of the board. Criticism has been levelled against other persons occupying positions of prominence elsewhere, on the ground of their connection with the armament industry. For instance, we would not want the chairman of this board to be subjected to the criticism which has been made against one who is highly placed in the British empire. Referring to Mr. Chamberlain, one periodical has this to say:

Among his extensive financial holdings is a considerable block of Imperial Chemical Industries shares, 833 preferential and 5,414 ordinary ones. His son, Francis Chamberlain, is on the staff of Imperial Chemical Industries' sales organization at the main office in Birmingham.

I am glad to note the proposed amendment. When it is passed it will not be possible to level that type of criticism at anyone in a similar position on this board.

Mr. MacNICOL: I am not yet clear on the point. The section distinctly states "or a director of any industrial corporation." I shall confine my remarks to the industrial corporation part of it, and will forget all the rest that has been said. Could the chairman belong to a corporation in any way associated with the financing of companies manufacturing goods, or could he belong to a legal corporation or legal firm, and as a partner of that firm—

Mr. POWER: He could not very well belong to the legal firm and at the same time devote his whole time to the business of the board.

Mr. MacNICOL: He might not have very much legal business. If that were so he would not be the right type of man to have at the head of the board.

Mr. ROSS (St. Paul's): I do not like to go back at this again, but I shall have to. The duties and regulations respecting these people are set out. First of all I should like to know to whom the chief of general staff is responsible. Is he responsible to the minister or to the Prime Minister?

Mr. MACKENZIE (Vancouver): To the minister—at least he is now.

Mr. ROSS (St. Paul's): The chief of general staff as a member of the defence council is responsible for contracts. His responsibility is to the minister and to the Prime Minister. The chief of general staff may say, "We have to have such and such and so and so." We do not want to have any come-back in this matter. It would not seem proper to have the purchasing board coming back and saying, "We do not know anything about this; we will have to change it." If the chairman of the

purchasing board, who is to be a full time man, sits in with the defence council, there will be cooperation which there could never be in any other way, and he would be fully conversant with everything that is going on. I see the Minister of Pensions and National Health laughing at me, but I do not mind.

Mr. POWER: I was not laughing at the hon. member.

Mr. ROSS (St. Paul's): The more coordination and cooperation we can get, without having too many people monkeying with it, the better off we shall be. I suggest the chairman of the board should sit in at the meetings of the defence council. I cannot see any reason why he should not be there, because he would be a full time man.

Mr. MACKENZIE (Vancouver): The hon. member has suggested that of their own accord the board could vary the requisitions or suggestions made by members of the defence council. If he will read the last part of subsection 3 of section 4 he will find that they are subject to revision by the board only upon approval of the minister. So that that suggestion falls to the ground.

Amendment agreed to.

Subsection 4 as amended agreed to.

Section 3 as amended agreed to.

On section 4—Powers of board.

Mr. STIRLING: There is a point here I should like to have cleared up. The minister may receive information from his technical advisers that such and such a thing is required. When he is satisfied, the requisition goes to the board. When the board is satisfied, does it prepare the tenders, make all ready for letting and then submit the matter to the Minister of Finance, the Minister of Finance in turn submitting it to the council and the council in turn coming back with the permission to let?

Mr. MACKENZIE (Vancouver): Yes, that is about right.

Mr. STIRLING: Then is the requisition sent back to the board and put through the procedure of letting?

Mr. MACKENZIE (Vancouver): Yes.

Mr. STIRLING: And then the tenders are submitted to the Minister of Finance, and again go to council?

Mr. MACKENZIE (Vancouver): No; once the authority of council is obtained the board has complete authority to negotiate the contract.

Mr. STIRLING: The board finishes everything up?

Mr. MACKENZIE (Vancouver): Yes.

Mr. STIRLING: And then all that is required is the order in council?

Mr. MACKENZIE (Vancouver): Yes.

Mr. HEAPS: I suppose a majority of the four members of the board might pass a contract, and the majority recommendation would go to the government for final approval. According to the terms of the bill the board comprises four men, one of whom is permanent and the rest temporary or part time employees who may come and go as the requirements of the board necessitate. I am not altogether enamoured of that kind of employee in a task of this type. If my own views were asked I should say I preferred three permanent men to a number of part time board members.

Mr. MACKENZIE (Vancouver): That is the intention, except that the chairman of the board is the only permanently or full-time employed official. The rest of the members may be permanent for one, two or more years, but they are not fully employed. They are called in to advise with reference to various aspects or angles of a contract, and to assist the chairman in determining with regard to certain matters.

Mr. HEAPS: I do not think any one could regard them as full-time or permanent members of the board when they are to be paid a per diem allowance plus travelling expenses. One of them may live in Vancouver, and he may be called in to a meeting in exactly the same way as directors of the Canadian National Railways may be called in. The minister shakes his head, but if those persons are to be full-time permanent employees, let us say so in the bill; let us not put them on a per diem allowance, as is attempted here. Contracts amounting to $20,000,000 or $30,000,000 may be let by this board, and I do not think we ought to allow such important positions to be held by men who would come and go as required. When we have men on a temporary basis—and I still maintain they are only temporary—

Mr. MACKENZIE (Vancouver): They are all appointed for five years.

Mr. HEAPS: That is true; I understand they are appointed for five years. But they are only on a day to day basis, so far as the board itself is concerned. According to the bill only the chairman of the board is to be permanent.

Mr. MACKENZIE (Vancouver): Fully employed.

Mr. HEAPS: I believe I am correct when I say that the other men are only part time employees. It may be said that those men may be in the city every day of the year, although I would doubt that. I think they would be called in from time to time and would give whatever knowledge they may possess when the letting of various contracts is under consideration. What I am suggesting to the minister and to the committee is that I would rather see three full time employees on this board. If these men were here all the time they could become familiar with the work. Previously the minister stated that we might have an accountant as a member.

Mr. MACKENZIE (Vancouver): That is a possibility.

Mr. HEAPS: I do not know whether an accountant would be a proper person to sit upon a board of this kind. I doubt whether such a man would have the necessary qualifications. Men of experience in this type of business should be appointed; this would be preferable to appointments on a purely geographical basis, as is sometimes done in cases of the kind. If you have members who are only to come and go at the whim of the chairman or the government—

Mr. MACKENZIE (Vancouver): No.

Mr. HEAPS: Who is going to ask these men to come to Ottawa? How are they to know when they are wanted?

Mr. MACKENZIE (Vancouver): A quorum of the board must pass upon any contract.

Mr. HEAPS: That is quite true, but when are these men to come to Ottawa? Are they to come here only when a contract is to be let?

Mr. MACKENZIE (Vancouver): Not necessarily.

Mr. HEAPS: I should like to find that out. Personally I would prefer to have this board something like the civil service commission, with its members here all the time and fully responsible to the government or to the house.

Mr. ROSS (St. Paul's): This board is to be set up to give financial advice to the department. It is expected that its members will have experience with respect to manufacturing. It is to pass finally upon how these things are to be done. Subsection 2 provides:

> No action shall be taken by the board leading to the negotiation of a contract except upon requisition made upon the board by the minister.

[Mr. Heaps.]

The bill then sets out the various objects of the board. If the chairman of this board is not fully conversant with all these things, let us see what might happen. The council may decide that something is needed. The chief of the general staff may decide on something. He goes to the minister and the minister issues a requisition on the board. The board may decide that they want more information. That is what may happen when the chairman is not fully conversant with these matters and is not able to give all the necessary information. A matter might be referred back to the defence council, and then the council might refer it back to the purchasing board. It may be referred then to the minister, and keep on going back and forth in that way. It seems to me logical that the chairman of the board should be a member of the defence council, and for the life of me I cannot see why he should not sit on that council. That is the only way you can have close cooperation between the board and the department.

Mr. MACKENZIE (Vancouver): For the fourth or fifth time I shall answer the same question. There is no objection whatsoever, in the light of the experience which may be gained, to carrying out the suggestion of my hon. friend, but this is not the place to do it, nor is this the legislation by which it can be done. It can easily be done afterwards if it is found necessary to do so.

Mr. CHURCH: In my opinion we have a lack of responsibility in connection with these contracts under section 4, subsection 1. In preparing this particular portion of the bill the minister seems to have overlooked the lessons which were learned from the experience of the British munitions board in Canada during the great war. This new board can deal only with contracts of over $5,000. This board must report to the Minister of Finance, who in turn submits the report to the governor in council with his recommendations. I submit that there will be a lack of finality and responsibility under the restrictions of section 4, subsection 1. In any case it will be hard to fix responsibility should anything go wrong. The board may say that they have been requisitioned, but as it was altered by the Minister of Finance or by the governor in council they are not responsible. Such a lack of finality will be fatal to a contract. The government should have been guided by what occurred in connection with the British munitions board. The final report of that board referred to the patriotism and the devotion of the tenderers and munition

workers of Canada. It referred to the courage and sacrifices which had been revealed and which were worthy of every admiration. This board is not given a free hand. It is true they are to exercise some control in the public interest over specifications, but they do not have full power over the awarding of tenders, which is more important. It seems to me that the whole procedure is cumbersome. It shows such a lack of responsibility that it is bound to lead to a number of innovations in the awarding of contracts.

Mr. SPENCE: I rather share the views of the hon. member for Winnipeg North (Mr. Heaps), that it would be better to have three full time men on this board rather than a chairman and one or two other members to be called in now and then. You cannot expect real efficiency from any member of this board unless he is familiar with every detail of the work. I understood we were to have a real purchasing board. My view is that this board should be composed of men who understand purchasing and who have a knowledge of business. I am sure that is the type of man the minister wants to have. You would get better service if you had three full time men rather than a full time chairman and four or five other members who are to be called at intervals. No doubt the chairman of this board will be a man who has substantial knowledge of the making of purchases. He should be qualified to purchase any article required by the department after a requisition is received from the council or the chief officials in the department. Once these men have decided what they want, they should make out an order to be sent to the purchasing board. It should then be up to the board to see that the article needed is obtained at the best possible price. The members of this purchasing board should be capable of carrying out that job. I think the board will be a failure if you have just a permanent chairman and two or three other men who are to be consulted at intervals. They may not know anything about the details of the work.

The CHAIRMAN: Shall the subsection carry?

Mr. SPENCE: Carry everything, whether it is right or wrong. That is the only job you have.

Mr. STIRLING: Is there not an analogy between this board and the work carried out by the directorates of some companies, or, if not by the directorates of these companies, by their executive councils? They are definitely appointed. They meet perhaps once a week or once a fortnight or once a month or at the call of the chair, and the chairman cannot take the necessary action with regard to contracts without the acquiescence of a majority of his board.

Mr. MACKENZIE (Vancouver): Exactly the same.

Mr. STIRLING: Is not the analogy to that of a board of directors?

Mr. MACKENZIE (Vancouver): Absolutely. Exactly the same.

Mr. POULIOT: Will the board be directly under the Minister of Finance, or under the deputy minister of finance?

Mr. MACKENZIE (Vancouver): The language of the statute is plain, that all the recommendations and requisitions come in from the Department of National Defence. The board is responsible to the Minister of Finance, who carries the recommendations for decisions to council, and after the decision of the council is rendered the board has complete jurisdiction with reference to carrying out the terms of the contract.

Mr. POULIOT: Yes. That is not exactly an answer to my question. What I want to know is whether the board will be directly under the Minister of Finance, or under the deputy minister?

Mr. MACKENZIE (Vancouver): The Minister of Finance.

Mr. POULIOT: The deputy minister of finance has nothing to do with it? And will the chairman be a deputy minister or rank as a deputy minister?

Mr. MACKENZIE (Vancouver): That is not provided for in the legislation.

Mr. POULIOT: The hon. member for Winnipeg North (Mr. Heaps) asked the other day a question which, I believe, has not been answered. He asked if the interdepartmental committee had gone out of business.

Mr. MACKENZIE (Vancouver): The answer is in the negative.

Mr. POULIOT: In the negative? It has not gone out of business?

Mr. MACKENZIE (Vancouver): No.

Mr. POULIOT: And will it continue?

Mr. MACKENZIE (Vancouver): Whenever this legislation is proclaimed the functions carried out by the interdepartmental committee will have been concluded.

Mr. POULIOT: Well, speaking to that, I have just a word to say. It is to remind the minister what he himself has said with regard to the work of that committee. At page 1763 of *Hansard* he said:

> The Skelton committee reported that profit control was essentially an administrative problem and advised that they were unable to recommend legislation which would cover all contingencies. They did make one important and valuable step forward—they recommended a court of review to advise the department directly concerned on the form of its contracts.

That is what they did. I assume that the minister was too generous in his praise of the interdepartmental committee when he continued thus:

> I want to say here that the interdepartmental committee, whatever criticism may have been offered concerning them, rendered magnificent and devoted service to the government and the country in the work they have done in the last two years.

They have just suggested a court of review; that is all; and that was "magnificent service." Any child can render a service like that. I do not see why that committee is still in office, or what use it has been.

Subsection 1 agreed to.

Subsection 2 agreed to.

On section 4, subsection 3—Details of requisition.

Mr. STIRLING: As to the last few words of this subsection a little explanation is, I think, necessary:

> . . . and any such requisition shall be subject to revision by the board upon approval by the minister.

Which comes first, the revision by the board or the approval by the minister; and what happens if the board and the minister very decidedly disagree?

Mr. MACKENZIE (Vancouver): There is no question in my mind that what would happen is this. The officials of the department will make suggestions with reference to a requisition to the board; if that is to be revised by the board it must have the approval of the minister, and if the approval of the minister is not forthcoming then, I take it, the original recommendation from the officials of the department would be validated.

Mr. MARSHALL: What minister is referred to in this section? Is it the Minister of Finance or the Minister of National Defence?

[Mr. Power.]

Mr. MACKENZIE (Vancouver): The Minister of National Defence. It means, wherever "the minister" is mentioned, the Minister of National Defence. The Minister of Finance is particularly so specified.

Mr. STIRLING: I do not know that I am quite clear with regard to that point. It seems to mean that the technical officers advising the committee could override the board.

Mr. MACKENZIE (Vancouver): If they are sustained by the minister. If the requisition were considered by the board to be unreasonable, the board would refer the amendment of that requisition to the minister; if the minister then approved of the amendment of the board it would automatically go ahead to the controlling authority. If not, I take it, it could not go ahead at all; it would be amended or modified or altered as found necessary, doubtless after consultation between the defence council, the purchasing board, and perhaps the minister.

Mr. DOUGLAS (Weyburn): If the minister would carry that a step further: what machinery would be provided in the event of a deadlock? Would the Minister of Finance then take the requisition direct to the governor in council? That is, assuming the board did not agree to the requisition but thought there ought to be some modification of it, say for cheaper equipment, and the minister was not prepared to approve the alteration.

Mr. MACKENZIE (Vancouver): Of course, under the terms of the proposed legislation, if the minister did not approve it would not proceed to the Minister of Finance or the governor in council, but I imagine the proper procedure would be a conference in regard to any varying viewpoints which might develop as between officials of the department and the head of the purchasing board. I do not anticipate any great difficulty. If any requisitions were made which could not be fully and amply justified, they would not automatically go through; the board has authority to alter or modify them. The approval of the minister must be obtained before they go ahead.

Mr. DOUGLAS (Weyburn): Of course the minister will have the working of it out, so I will not elaborate it, but it seems that there ought to be a court of appeal.

Mr. MACKENZIE (Vancouver): I think we can rely upon its working out fairly satisfactorily.

Mr. ROSS (St. Paul's): This is not by way of interference with the defence council. But, for instance, if the defence council say "We must have this equipment," the purchasing board cannot come back and say, "You have this, and you have more than we think you require to have." There is not going to be any decision of the purchasing board as to how much the defence council should have: I do not know whether I have made myself clear. The minister makes a recommendation. So much has to be bought. Can the purchasing board, say, "We do not think you should have so much."

Mr. MACKENZIE (Vancouver): No, not necessarily.

Mr. ROSS (St. Paul's): What I mean is this: there is no interference with the recommendation?

Mr. MACKENZIE (Vancouver): No.

Mr. ROSS (St. Paul's): It is only for purposes of information that they can go back and find this out?

Mr. STEVENS: That is scarcely correct, I think, because in the requisition it must declare the quantity of such defence equipment already in the possession of the government. So there is a measure of review.

Mr. MACKENZIE (Vancouver): My hon. friend will find, if he looks at the section, that there is quite a lot of review.

Mr. CHURCH: With regard to the details of the requisition is the minister going to assist the manufacturers by giving them advice? Will the details of these requisitions contain information for the manufacturer? Suppose there is a shortage of labour or a shortage of materials, or suppose he is not able to get power—three matters which the British munitions board found it very necessary to deal with in the specifications and the requisitions. In addition to this phase of it, there is another requisition difficulty referred to in the report. Take materials. Some manufacturers may have certain materials and other manufacturers may have other kinds, with the result that they cannot get the finished article provided for in the board's specifications; what is to be done about that to help tenderers out? What coordination will there be regarding plants? I understand the minister looked over 1,800. There will be a great shortage of power if an emergency should arise. Will the board help out the tenderers and by requisitions help to regulate matters?

Mr. MACKENZIE (Vancouver): Under section 8 of the bill the board has complete power to survey not only the requirements of the department but also the various industrial plants in Canada, so that the various points he has raised have been fully met, I think, in the terms of the proposed legislation.

Mr. MacNEIL: Where does the responsibility lie with regard to the supervision of a contract?

Mr. MACKENZIE (Vancouver): Entirely with the purchasing board. It is provided by section 6:

> It shall be the duty of the board to supervise the performance of all contracts which may have been entered into pursuant to the provisions of this part with a view to assuring that such contracts are performed in accordance with their respective terms.

Mr. ROSS (St. Paul's): Was not that the duty of the master general of ordnance before, or whose duty was it?

Mr. MACKENZIE (Vancouver): The duty of the minister, I would say.

Subsection 3 agreed to.

On section 4, subsection 4—Tenders.

Mr. BROOKS: This subsection provides for advertising. It says:

> In respect of all contracts, the board shall, wherever practicable, invite tenders either by means of advertisements in the public press or otherwise.

I assume that the intention is, of course, that there will be no patronage. That is the idea of this board, but I would ask the minister what is meant by "or otherwise." Does it mean there will be certain specified firms who will be invited to tender?

Mr. MACKENZIE (Vancouver): That is a possibility under the interpretation of the section, but I rather anticipate that what will happen will be this. Tenders will be invited in the public press, or all available firms will be got in touch with through the Canadian Manufacturers Association or an organization of that kind, through lists supplied by them. There are two methods of tendering now: first, inviting tenders by advertisement in the public press; secondly, for many years, there has been the practice of inviting tenders from selected lists containing perhaps five or seven or up to twenty-five or thirty names.

Mr. CHURCH: Subsection 4 provides:

> In respect of all contracts, the board shall, wherever practicable, invite tenders by means of advertisements in the public press or otherwise.

Then it goes on to clothe the board with powers:

> The board shall recommend the acceptance of the lowest tender. . . .

But that does not mean that the lowest tender will always be accepted. I think, Mr. Chairman, that there is so much distribution of authority that it is going to lead to untold innovations in the awarding of contracts, and I think it might be helpful to the minister to review what was done by the munitions board in the awarding of contracts. They went very carefully into the different methods of tendering and the awarding of contracts. With your permission, Mr. Chairman, I should like to quote from The History of Munition Supply in Canada, 1914-1918, by D. Carnegie, because it has an important bearing upon tendering and the awarding of contracts; and it is, of course, very important that the board should have the support of public opinion in their work, which is more or less a patriotic work. At page 296 Mr. Carnegie says:

With the exception of this fuse plant and a few others which will be referred to later, the board did not attempt to establish its own factories. The work to be done was parcelled out among Canadian manufacturers. In many cases it was carried on in factories previously existing, which were adapted to the purpose of munitions manufacture by more or less extensive changes.

There is a difficulty the minister may run into, and I think will run into. It goes on:

In other cases, manufacturers constructed new plants for munitions making, but were able to draw on their existing staff for labour, for supervision, and for skilled mechanics. The work of the board was to place orders for materials, or contracts for the execution of the various processes by which the materials were turned into finished shell; to assist the manufacturers with technical advice and to arrange for the interchange of information;—

That should be very valuable for the minister:

—and above all to see that they were kept supplied with material or with work in process up to the limit of their capacity, and not beyond it. One of the most important departments of the board, the distribution department, was entirely concerned with this latter work. The value of it was apparent from the experience of the United States, after that country came into the war and commenced the manufacture of munitions on its own account. There, also, the work was parcelled out among manufacturers. But no adequate organization was set up at the commencement to arrange for the distribution of materials and of partly finished work.

Then here is where a mistake was made:

Consequently it was found that many manufacturers had plenty of material before they had capacity to use it, while others were left with plant and workmen idle because they had not a sufficient supply of material to be worked up. Another function undertaken by the board was that of advising and assisting the body of manufacturers with regard to their problems of production—both those of machinery and those of labour.

[Mr. Church.]

And this concluding sentence:

The knowledge gained from study of the problems of one manufacturer was thus placed at the disposal of others, and the comparison of many cases was used for the general improvement.

Then it goes on to refer to the board's powers. After contracts had been awarded sometimes a manufacturer, through no fault of his own, found that his power had been shut off and some tenderers got behind, and so Sir Henry Drayton was appointed to assist the government and the manufacturers, and he had the supply of power shut off from municipalities in many cases in order that the contractors might accelerate their work. Emergencies of this kind are bound to occur, and I should like the minister to explain what provision is being made for them. It is no good just going around in a circle with several different bodies having a measure of control over tenders. In practice the government will find that it will only be inviting trouble, and that unless proper measures are taken this board will not get the results that the munitions board got.

Mr. MACKENZIE (Vancouver): The answer is this, that this is a measure for peace time, and I trust that it will long be used for that purpose. If an emergency arises, doubtless other measures will be enacted immediately to deal with the emergency.

Mr. DOUGLAS (Weyburn): This subsection provides:

In respect of all contracts, the board shall, wherever practicable, invite tenders either by means of advertisements in the public press or otherwise.

That is an excellent provision to prevent patronage in the giving of munitions contracts, provided always, of course, that all those capable of carrying out such contracts are allowed to tender, and that no obstacles are placed in their way. Let me illustrate by referring to a matter I shall discuss at greater length on the minister's estimates.

On the fourteenth of March of last year I placed some questions on the order paper and a return was brought down dated Friday, June 24. The last two parts of my question were:

6. Whether any official of the Department of National Defence has refused to supply tender forms to any coal dealer in connection with the purchase of coal during the period from April 1, 1930, to date.

7. If so, what coal dealer was refused, and the reasons for the refusal.

The answer that was brought down in the return, sessional paper 309, was that no dealer was refused tender forms. I have in my

hand two affidavits. I have the originals and copies, which I shall be very glad to give to the minister, but I shall not bother him with them at the moment. One is an affidavit from a coal dealer in the city of Ottawa, and the other an affidavit from his secretary. The coal dealer states in his affidavit that he sent his secretary to the director of contracts of the Department of National Defence.

Mr. MACKENZIE (Vancouver): What year was it, may I ask?

Mr. DOUGLAS (Weyburn): June 28, 1937. She went to the director of contracts, was refused an application form. The employer then himself went to the office of the deputy minister of national defence and was also refused a tender form. The secretary was told when she went to the director of contracts that the department did not know this particular gentleman, although he has been in the coal business in this city for a number of years. I have no personal knowledge of these facts, but I shall be glad to give to the minister copies of the affidavits and he can check them. On paper this clause looks fine, and I think the minister is quite sincere in what he has here; but if those capable of fulfilling a contract cannot get tender forms, the whole value of the section is destroyed.

Mr. MACKENZIE (Vancouver): Will the hon. member be good enough to give me details of those two cases?

Mr. DOUGLAS (Weyburn): I will give the minister the affidavits.

Mr. STIRLING: I suggest to the minister that he delete the words "wherever practicable." The subsection would then read: "The board shall invite tenders either by means of advertisements in the public press or otherwise." I think the main reason for the degree of unanimity that has been attained, to which I referred earlier in the evening, is that we realize and the public realize that in this matter we are dealing with commodities required for the defence of the country. Therefore it puts this piece of work on a different shelf entirely from other things required in various departments of the government. As we are dealing with munitions in the widest sense of the word, requirements of the Department of National Defence for the defence of Canada, and are setting up a most remarkable board to oversee that work, it seems to me that an argument can be made in favour of calling for tenders by public advertisement or otherwise for all requirements.

Mr. MACKENZIE (Vancouver): I am not opposing the principle of what my hon. friend suggests, but let me make one or two observations. I think he has had the same experience I have had in the department, that cases arise in the experience of all in authority in respect of which tenders, although desirable, are not practicable. For instance there may be secret designs. Another point is that under section 7 the taxation provisions apply only where tenders cannot be called for —in other words that peculiar type of contract which generally causes all the trouble, where it is not feasible to ask for public tenders, and you have to do it some other way, on the basis of an upset price, or unit price, or the cost plus system. It is under that limitation that all the taxation provisions enacted in section 7 of this legislation, apply. I should like very much if it were practicable to call for public tenders for everything; that is the ideal situation. But, especially in regard to difficult and intricate pieces of work, or where secret designs and processes are involved, the functioning authority will often find it impossible to proceed by tender, and that might lead to trouble.

Mr. STIRLING: I should be in general agreement with the minister if we were dealing with the ordinary requirements of government. But here we are dealing with the requirements of the defence of the country, which puts the matter on an entirely different plane. The minister referred to section 7; I do not know whether the chairman will permit me to link the two, but I shall do so if I may, because when we come to section 7 I am going to raise the question whether it would not be a good thing to apply this control of profits theory to all contracts. If it is adopted for one type of contract, I do not see why it should not apply also to the other type. I do not know how far I may go now on section 7, but I can hardly accept the minister's answer referring to clause 7 when I do not agree with that clause. Perhaps this may stand until we reach section 7, or may we discuss 7 now?

Mr. MACKENZIE (Vancouver): I have no objection.

Mr. POWER: I might point out that this bill is to some extent based on the war purchasing commission which was in existence during the war. Section 7 of P.C. 1033 of May 1915, the order in council appointing the war purchasing commission and defining its duties, reads:

> In respect of all contracts to be made by the commission or to be entered into on its behalf, the following regulations shall obtain as far as practicable.

I think that is where we got the phraseology (a) tenders shall be called for; (b) purchases shall be made and contracts given at the lowest price. I think this bill was drafted on the war purchasing commission regulations.

Mr. STIRLING: If I may amplify that a little further, I visualize that this board is going to card index Canadian industry. That being the case, they will be possessed of all the information necessary in regard to all the various branches of endeavour which will be used in the defence of Canada. Therefore it will be perfectly easy for the board to acquaint itself with manufacturers who are able to tender. That being so, I do not know that I would stress public advertisement except for the reason that it gives the public information. But the board would have no difficulty in getting in touch with every concern that is capable of tendering for these requirements.

Coming to the tenders themselves, the further clauses of this subsection instruct the board as to what it may do with regard to the lowest tender. There are occasions when it is not desirable to accept the lowest tender. They may not be very frequent, but provision must be made for them. I have known instances in my own experience in which it was well known that the person who put in the lowest tender could not possibly carry out the work at the price stipulated. In this case the board has the right to state in its recommendation to the Minister of Finance its reasons for setting aside the lowest tender. The board is taking very considerable responsibility, and I see no reason why, if we are going to place implicit confidence in this new and extraordinary board, it should not also have the power to recommend that the lowest tender be set aside.

Mr. MACKENZIE (Vancouver): It has the power mentioned, to state why the lowest tender has not been recommended.

Mr. ROSS (St. Paul's): In respect to contracts where you call for tenders wherever practicable, in view of public opinion in these days would it not be wise to insert some provision limiting the amount of profit which may accrue under a contract, instead of just leaving it wide open?

Mr. POWER: That comes under section 7.

Subsection 4 agreed to.

On section 4, subsection 5—Duty of board where tender is not invited.

Mr. MacNICOL: With respect to the first part of the subsection:

In respect of any contract for which the board has decided that it is impracticable to invite tenders, it shall be the duty of the board—

[Mr. Power.]

I should like some explanation as to the word "impracticable." I remember what the minister said on March 10, that sixty per cent of the purchases in his department during the last three years were made after tenders had been called for, and they amounted to approximately $7,785,000.

Mr. MACKENZIE (Vancouver): That is, of those contracts available for tender.

Mr. MacNICOL: Yes; that is what I say. If sixty per cent amounted to that sum, the remaiing forty per cent bought without tenders would amount to about $5,516,000. This clause applies to munitions purchased without tender. I have been wondering as to the full significance of the words "fair and reasonable" as far as the government is concerned and "unfair or unreasonable" as far as the contractors, subcontractors or suppliers are concerned. In connection with many types of munitions or equipment bought by the department there must be from 25 to 250 or perhaps more subcontracts, because so many different items enter into the construction of any type of machine, and perhaps more particularly in connection with war machines. It would appear to me that it would be a very difficult job running down all those subcontractors in order to ascertain whether or not they were making unreasonable profits. If section 7 applies to the whole matter I will accept it at once.

Mr. MACKENZIE (Vancouver): It does.

Mr. MacNICOL: I have been wondering why you say "fair and reasonable" and "unfair or unreasonable" if the five per cent applies.

Mr. MACKENZIE (Vancouver): May I correct an impression which perhaps my hon. friend formed from my remarks the other day. When I referred to the sixty and forty per cent, that dealt with contracts called by tender. The sixty per cent referred to contracts called by public tender and the forty per cent to contracts called by invited tender from selected lists. In addition to these two classes referred to the other day, as my hon. friend will find from my remarks in *Hansard*, there was a third type of contract which for the last two years has been referred to the interdepartmental committee; that is, contracts which in the opinion of the department could not be made the subject of either public or invited tenders. It is to that particular type of contract that subsection 5 applies. The element of fair and reasonable profit I think is governed pretty drastically by the taxation provisions of section 7, in both the

positive and the negative way; in the first place what is a fair and reasonable cost to the government, and in the second place an unfair or unreasonable profit to a contractor, subcontractor, manufacturer, supplier or other person. I think my hon. friend will find that these general enunciations of principle are very carefully safeguarded by the taxation provisions of section 7.

Mr. MacNICOL: Would not the two types of contracts be the same; that is, the contract secured through public or advertised tender and the contract obtained after competing against half a dozen selected tenderers?

Mr. MACKENZIE (Vancouver): Yes, but this does not refer to them. It is competitive bidding in both cases, but in this case it is not. This is where it is impossible to have competitive bidding; therefore you need a peculiar type of contract, either cost plus or unit price, and that is where the element of establishing the principle of fair and reasonable profit comes in, there and there only.

Mr. ROSS (St. Paul's): That is what I had in mind, where you do not advertise for tenders but have two or three contractors who are invited to tender without advertising. In view of public opinion at the present time is it not only fair that some limit should be put on the amount of profit that might accrue under those contracts?

Mr. MACKENZIE (Vancouver): That comes under section 7 again.

Subsection 5 agreed to.

Subsection 6 agreed to.

Section 4 agreed to.

On section 5—Contract to be approved by governor in council.

Mr. ROSS (St. Paul's): That does not cover it; that is not what I mean. You have competitive bidding, but what I am talking about is where you pick out four or five contractors. There is no provision here which controls the profits they may make.

Mr. MACKENZIE (Vancouver): All contracts except those mentioned are subject to section 7. In other words all competitive contracts are referred to; otherwise contracts, other than those in connection with which competitive bids are possible, are covered by section 7.

Mr. DOUGLAS (Weyburn): Is that true of the selected lists as well?

Mr. MACKENZIE (Vancouver): All selected lists are supposed to be subject to the general principle of competitive bidding, just the same as bids asked for by public tender.

Mr. COLDWELL: Then there is no limit on the profits that may be made under contracts of that type?

Mr. MACKENZIE (Vancouver): The general supposition, whether it is right or wrong, is that wherever competitive bids are called for, whether from six or seven contractors or from the general public, the public interest is safeguarded.

Mr. COLDWELL: But there is no limitation under this act?

Mr. MACKENZIE (Vancouver): No.

Mr. STIRLING: That brings up the point to which I was referring just now. Suppose you have only two tenders. Those of us who have had anything to do with the letting of contracts for public works have known cases in which tender No. 2 was a dummy bid. I see no reason why, if the government is adopting the principle contained in section 7, it should not be made to apply also to contracts let by tender.

Mr. POWER: I imagine that is what the board was created for, to see that there were no dummy bids and no flim-flamming. I do not know how you could avoid it otherwise. I do not think we could establish a minimum number. In all probability my hon. friend will know of certain articles which can be produced by only two people in this country, but the board is charged with the duty of seeing to it that the article is secured or the contract executed at a fair and reasonable cost to the government of Canada. If two people are in agreement, or a dummy bid is sent in, then the board only has to say, "We will not buy from you," or "We will buy outside," or "We will find some other means of getting it." That is exactly why we want a board of this kind, which will be free from all suspicion and able to go to anyone who appears to be trying either to deceive or to take advantage of the government, and say, "If we cannot get proper bids we will obtain the article in some other way."

Mr. COLDWELL: That is to say, then, that this clause really only covers—

The CHAIRMAN: In order to keep the record clear I think we should consider sections 5 and 6 before we discuss section 7.

Mr. COLDWELL: The point I was going to make was really in connection with the two sections. This section, I take it—

Mr. MACKENZIE (Vancouver): To which section is my hon. friend referring?

Mr. COLDWELL: Section 4.

The CHAIRMAN: Section 4 has been passed. We are now on section 5.

Mr. BROOKS: Subsection 4 of section 4 says, "The board shall recommend" and section 5 says, "All proposed contracts shall be submitted by the board to the Minister of Finance."

The CHAIRMAN: The hon. member is asking his question in relation to what section?

Mr. MACKENZIE (Vancouver): My hon. friend is quite correct in that respect; he is connecting the interpretation of section 5 with a preceding section, as I understand it.

Mr. BROOKS: Yes. I was asking to whom the board would make its recommendation. In section 4 it is provided that they may make a recommendation, and then section 5 provides that these contracts are to be submitted by the board to the Minister of Finance. Do they make their recommendations to the Minister of Finance, or do they simply submit these contracts to the minister for recommendation to the governor in council?

Mr. MACKENZIE (Vancouver): Under section 4 the board shall recommend the acceptance of the lowest tender submitted, and then under section 5 all proposed contracts shall be submitted by the board to the Minister of Finance. The recommendation does not go to the Minister of National Defence, but rather to the Minister of Finance who, in turn, is responsible for submission to council for approval or otherwise.

Mr. BROOKS: The formal recommendation goes to the Minister of Finance in every case.

Section 5 agreed to.

On section 6—Board to supervise carrying out contracts.

Mr. ROSS (St. Paul's): I see by this section it is the duty of the board to supervise the performance of all contracts. Whose duty was it before this time? Under the Department of National Defence was it the duty of the master general of the ordnance to supervise contracts?

Mr. MACKENZIE (Vancouver): Generally speaking it was under the supervision of the director of contracts, but in some cases the director of technical engineering services would have jurisdiction for the actual carrying out of the details of a contract. It might be that in connection with the air service some other official had some power of supervision. In the present instance, generally speaking the board is charged with the supervision of all contracts.

Mr. ROSS (St. Paul's): Does this section take away the power of supervision of those various branches? Is that not another instance of interference between this board and the Department of National Defence? I believe it is an instance of lifting responsibility to supervise from the department to the board. The board will have a pretty big job on its hands.

Mr. MACKENZIE (Vancouver): It is a big job.

Mr. ROSS (St. Paul's): It does seem to me that "to supervise" is hardly the correct expression. I think the duty of doing that job should be left with the various branches of the department, and that the heads of those branches should have the last say.

Mr. MACKENZIE (Vancouver): I do not think in the actual performance of duties there will be very much change. The officers of the branches would do the practical work of supervision. But they shall report to the board, and authority and responsibility will rest with the board. The director of engineering services will, just the same as to-day, carry out the supervision; but the final authority for supervision and the final responsibility will rest with the new board.

Mr. ROSS (St. Paul's): As it stands now it is the duty of the board to supervise. Will they not think it is their duty to set up a supervisory department to take care of these contracts?

Mr. MACKENZIE (Vancouver): No.

Mr. ROSS (St. Paul's): Why not amend the bill to take care of that situation? Certainly you do not want interference from the board, nor do you want to build up a supervisory department. It seems to me there should be an amendment to take care of the supervision.

Mr. MACKENZIE (Vancouver): It is already taken care of in other sections of the bill. An officer of the Department of National Defence could be seconded to the board.

Mr. STEVENS: Would the minister consider as a substitution for the word "supervise"

the words "ensure the proper performance" or "effective performance"? I believe the word "supervise" is conflicting.

Mr. MACKENZIE (Vancouver): I would have no objection to that. Probably it would be an improvement.

Mr. STIRLING: Would it not be a good idea to refer to the actual examination or supervision in section 8 of the bill, and place supervision among those duties imposed on the board? Then it would be quite clear that the technical officers of the various branches of the department would be used for the purpose of inspection.

Mr. MACKENZIE (Vancouver): I see no objection to that. Perhaps my colleague would move the amendment suggested by the hon. member for Kootenay East, namely to delete the words "supervise the" in line thirty and insert in lieu thereof the words "to ensure the proper." Then the section would read "It shall be the duty of the board to ensure the proper performance of all contracts," and so on.

Mr. TAYLOR (Nanaimo): Is not that duplicated in the latter part of the same section?

Mr. POWER: Yes, I think the hon. member for Nanaimo is quite right. They are going to supervise in order to assure the performance, or to assure that the contracts are performed in accordance with their respective terms.

Mr. STEVENS: It is obviously bad legislation to say in a statute that it shall be the duty—and the language is very clear and definite—to supervise, when we know that the supervising authority will be the officer of the department—where it ought to be. All the board should be asked to do is to ensure that the contract is properly discharged or performed, whichever term you may use. But I do not think the word "supervise" should be permitted to remain. Otherwise a conflict of interest would develop.

Mr. MACKENZIE (Vancouver): Let the section stand for the moment.

Mr. STIRLING: Would it be better to leave out the last part of the section, so that the section would read:

It shall be the duty of the board to ensure the proper performance of all contracts, which may have been entered into pursuant to the provisions of this part.

Mr. POWER: My colleague the Postmaster General points out that he thinks the word "supervise" was inserted to give an assurance with respect to the question of time, or to see to it that the contract is carried out on time. I believe that is the idea.

Mr. STEVENS: I agree with the object, but—

Mr. POWER: Perhaps the language is not quite clear.

Mr. STEVENS: The clause should stand for redrafting.

Mr. MACKENZIE (Vancouver): Yes.

Mr. TAYLOR (Nanaimo): May I suggest the words "It shall be the duty of the board to accept the responsibility for the supervision of".

Mr. MACKENZIE (Vancouver): We will take all these suggestions into consideration; in the meantime I would suggest that the section stand.

Section 6 stands.

On section 7—Maximum net profit.

Mr. COLDWELL: I believe section 7 is one of the most important sections in the bill. It deals with the supervision of profits, and lays down certain methods by which profits shall be controlled. I agree with those who have already said the limitation of profits should apply to all those engaged in fulfilling government contracts. I do not think it is sufficient to say that the tender method will regulate profits sufficiently. Already in Great Britain there has been some criticism of contracts which have been let not only by selection but also by tender. During the great war we know how scandalous were some of the profits made by firms which secured contracts by tender.

The other day in introducing the bill the Minister of National Defence spoke of the minority report of the senate committee of the United States. I think it is worth while drawing to the attention of the minister and the house something in the majority report which bears directly—

Mr. MACKENZIE (Vancouver): I spoke of both.

Mr. COLDWELL: —on this particular section. The minister says he referred to both; I will clear that up. I realize that in a sentence the minister referred to the majority report, but he quoted directly and substantially from the minority report. His reference to the majority report was brief. I wish to draw the attention of the house to the considered opinion of that committee in regard to the type of proposal contained in this section of the bill. It said:

1. Major accounting factors, such as costs and valuations, are extremely difficult to determine. To a large extent the government must rely upon industry for information. In

the pressure of wartime, these accounting items are inevitably determined on a basis advantageous to industry.

2. There are always many loopholes in profit-limitation schemes designed to apply uniformly to our immense and complicated industrial structure.

3. No matter how effective a scheme may be on paper, it will be tremendously weakened by the administrative difficulties inherent in a wartime situation characterized by the necessity for speed and the vast volume of work which must be done.

The same thing applies to a peace-time program which has to be instituted quickly, perhaps because of certain international developments. I quote further from the senate report:

4. Because of the necessity for flexibility, the character of war regulation is largely determined by negotiation between government officials and industry. Industry inevitably has the upper hand in these negotiations because of its superior information and the existence of a seller's market in war.

Those are some of the reasons why some of us, the members of this group particularly, have been insistent that as much of this work as possible should be undertaken by the government itself. I do not believe that this clause, well drawn as it may be —there are one or two grave defects in it, in my opinion—will remedy the disease which it seeks to cure. Consequently I wished to draw to the attention of the minister and the committee what has been said after very careful inquiry in another country. We may have something more to say regarding the profit referred to in subsection (b). I want to emphasize the arguments which we have placed before the committee, that the limitation of profits by bills of this type in connection with contracts of the sort contemplated is more or less ineffective. Moreover, may I emphasize also that the experience of the last few years has shown that less than forty per cent of the contracts will be subject to the provisions of this section.

Mr. STIRLING: Would the minister explain why the government has not seen fit to apply the limitation of profits to all contracts? Where contracts are let without tender the board has almost inquisitorial powers to go into the financial details of the company concerned. After a contract has been let by public tender it may develop that the profits are larger than had been anticipated. Why should not the government take the power to apply these inquisitorial examinations to such a company? Why should it not take the same action with regard to that company as it provides shall be taken under section 7 for contracts in this category?

Mr. MACKENZIE (Vancouver): The answer obviously is that competition is generally supposed to safeguard the public interest. The criticism we have heard in recent weeks with regard to a certain contract was with reference to the fact that public tenders were not called for. Whether they were feasible, of course, is a matter of argument. I think it is a fairly safe assumption that where the competition is not too narrow or too restricted, the public interest is generally safeguarded, unless there is collusion in regard to the tendering. My only suggestion is that possibly we might work out a system whereby when you resort to a selected list, as was referred to by the leader of the opposition (Mr. Manion) the other day, you would insist upon a certain minimum number of tenderers. If that number was not available or forthcoming, then other principles might have to be applied. I do think the principle of this legislation is sound. Where tenders are possible, I think they should be resorted to. I think the public interest is safeguarded in that way. Where public tenders are not possible, it is incumbent upon the board to explain to the governor in council and to the Minister of Finance why in their judgment they were not possible. Where you have the type of contract which in the last two and a half years we found necessary to refer to the interdepartmental committee for advice, then the principle of very drastic profit control by way of taxation would be applied. If the committee feels otherwise about it, I shall be prepared to give the matter further consideration. However, I do say that we should give to this our best judgment. In my opinion the public interest, which we are all seeking to advance, is safeguarded in this legislation by the principle of competition, provided it is fair and not collusive or restricted competition.

Mr. STEVENS: I hesitate to say what I am going to say for fear it may be misunderstood, yet I think it ought to be said. I am voicing now entirely my own opinion, and I doubt if there are many others who will share it. I say this after giving the full consideration to what we are doing that has been suggested by the minister. I should like to preface my remarks by saying that it is highly desirable that we should limit profits; and there is no thought in my mind to depart from that objective which, after all, is one of the main objectives of this bill. However,

I should like to point out the danger, if the profit is really limited, of the efforts which may be made to discover some way of circumventing the discovery of what is the actual cost. In other words, genuine operators, unless they act for purely patriotic purposes, might hesitate to take a contract with a five per cent profit, particularly where they had to expend a considerable amount of capital in additional equipment in order to carry out the contract. I think it will be necessary, Mr. Chairman, to refer to section 7 as a whole.

Mr. MACKENZIE (Vancouver): Yes, I think we shall have to discuss the section as a whole, because it is all interrelated.

Mr. STEVENS: Perhaps the chairman might consent to our discussing the first three parts of the section as a whole. Paragraph (a) of subsection 3 reads:

(a) The average amount of capital of a person employed in the performance of a contract shall be determined by the board and shall be based upon the actual cost (less depreciation at a rate deemed reasonable by the board) of the physical assets including plant, machinery, equipment and working capital of such person—

Let us pause there. I am not sufficiently technically qualified to call to mind immediately an appropriate illustration, but I submit that contracts might be let where perhaps only a comparatively small portion of a plant already in existence would be used in manufacturing the articles covered by the contract.

Mr. McLARTY: The bill provides for five per cent profit on the capital required in the production.

Mr. STEVENS: Who is going to determine what is the proportion?

Mr. McLARTY: The board.

Mr. STEVENS: Of course that is in the bill, but I am trying to point out that the task we are giving the board is an impossible one. I do not think anyone can say what proportion of a plant, what proportion of working capital, what proportion of the overhead charges of taxes and rentals, would enter into the performance of a specific contract which might not involve the use of more than ten per cent of the plant. That is almost an impossible thing to do. Inasmuch as it is provided by subsection 1 that profits shall be limited to five per cent, that limitation is subject to the determination of what proportion of the fixed plant and equipment and so forth is used, and of the proportionate depreciation of the plant that is to be calculated. I think under these circumstances a clever operator could, if he wished, very easily evade the five per cent provision.

Then there are some forms of contract or some classes of material where there ought to be a much wider profit than in other classes. In a large construction contract I suppose five per cent might be all right, or in manufacturing an article that could be turned over very quickly.

Mr. McLARTY: This applies only to contracts over $5,000.

Mr. STEVENS: Quite so, but during the last war there were many contracts for boots and shoes and clothing for uniforms, and if I might be permitted to give an illustration, in the province of Quebec a splendid firm was given a contract for the manufacturing of khaki cloth. They had had no previous experience in a contract of the kind, and I think they honestly gave the best price they thought was applicable to that class of work. But when they had completed their contract they found, and it is in the records of this parliament, that they had made a profit of seventy-two per cent. They were amazed. What was the reason for such a large profit? In the ordinary running of their looms they would run a certain web of cloth, or whatever the term is, for perhaps a few hundred bolts, and then they would have to change the loom, but on this khaki cloth contract the loom ran for month after month without having to be changed, and to their amazement they found at the end of the year they had made this huge profit. That is only indicative of the difficulty you may have in this sort of thing. I repeat that with some classes of materials five per cent may be too much, and in other classes it may be altogether too little.

Some contracts call for definite changes in plant and in capital expenditure, which would be a loss unless the business is a continuing one. There is an attrition there that is not and cannot be provided for, because to call such a loss depreciation does not cover it all. Therefore it is possible that the rigid fixation of five per cent may be too limited to apply to all contracts.

Mr. MACKENZIE (Vancouver): What principle would my hon. friend suggest?

Mr. STEVENS: I confess it is difficult, but I make this suggestion, that in place of this long recital in subsection 3 we might adopt the principles applicable in the calculation of income tax, where for a great many years—and it is done not only in Canada but in other countries—certain principles of accountancy are laid down which ensure a fair interpretation of what profits really are. We might incorporate in this bill, if it is possible

to do so, a declaration of the principles applied by the income tax branch in the calculation of income tax, or perhaps in the calculation of the sales tax.

Mr. MACKENZIE (Vancouver): May I interrupt, to help my hon. friend in his argument? The income tax department is dealing with the whole range of the business of an individual or corporation, but here we are dealing with a limited portion of the business of an individual or corporation.

Mr. STEVENS: That is true, and that is one of the difficulties I see in this proposal. But I do think that the principles that are applied by the income tax branch might very well be applied in this case. While I support the principle of the limiting of profits, I think we should give this clause very careful consideration.

Mr. MACKENZIE (Vancouver): We want every possible suggestion we can get. There is nothing final about this clause. I do feel that as drafted it might be too drastic when taken together with the provisions of various other sections, section 7, for example; but on the other hand, I believe it is the general desire to be drastic. The only danger is that you might possibly drive your best industrial concerns away from taking orders of this kind; I frankly admit that.

Mr. MacNICOL: I want to ask one or two questions with respect to this clause, and I hope that this time the minister will accept my intentions as sincere.

Mr. MACKENZIE (Vancouver): Always.

Mr. MacNICOL: I have been wondering what would happen when you fix a definite rate of profit and provide that it is to be collected on the capital. I have in mind two plants, one capitalized at $500,000, which turns out a million shells. Five per cent on that capital would be $25,000. Another plant, not so well equipped, and not so well managed, is capitalized at $1,000,000, and it also turns out a million shells. Its profit would be $50,000. Would not that put a premium on inefficiency? After all, when a war is on, the main thing is to have your material delivered quickly where it is required. There was a time towards the end of the great war, as perhaps the minister knows, when Great Britain sent word to the munitions board in Canada, "To h—— with profits; we want the shells." Shells at that time were $6.

Mr. McLARTY: I wonder if I might ask the hon. member a question. In the use of the word "capital" as applied under this section, I believe he is thinking of the authorized or paid-up capital of a company as distinguished from capital engaged in the manufacture of arms or munitions.

Mr. MacNICOL: Wholly engaged.

Mr. McLARTY: Might I suggest to him that it is not the authorized or paid-up capital in this case, but the capital which is actually employed in the carrying out of the contract. In other words the authorized or paid-up capital has nothing to do with this section.

Mr. MacNICOL: Just a moment. I know a little about manufacturing. My hon. friend may know the legal point of view, but I know something of the practical point of view. Take a plant that is engaged in making shells and nothing else, and it is capitalized at half a million. Is not that the capital you have in mind in this clause, where the whole capital is engaged in the making of the shells?

Mr. McLARTY: There is a limitation on the capital employed in section 7 (3) (a), and the mere fact that on paper the company's authorized or paid-up capital is a certain amount does not mean that for the purposes of this bill that is definitely to be taken as the capital required and employed in the carrying out of any contract authorized under the act. May I suggest to my hon. friend this, and I am doing it simply to be helpful, not critical at all. The word "capital" generally is rather a loose term; for we speak of authorized capital and of paid-up capital. But the capital which is referred to under this section is the definite amount of capital which, as described in the section, is referable only to the amount that is employed—and that eliminates goodwill—in connection with the carrying out of a particular contract.

Mr. MacNICOL: I tried to point out to the minister that the whole plant is engaged in making shells.

Mr. McLARTY: True, but the capital might not all be employed; or, on the other hand, it might not come within the definition provided by this section. But you see the limitation is five per cent on the actual capital employed.

Mr. MacNICOL: It is going to be very hard to administer that if the whole plant is engaged in making shells. The minister knows very well that towards the end of the war, plants were set up to make shells; the whole of a plant was thus engaged. Right after the war every machine in the plant was scrapped and broken up and melted. What is the capital if it is not the whole plant?

Mr. McLARTY: If for example the capital consists of an asset which is capitalized as

goodwill, then for the purpose of this act it is not considered as capital. That is the only point I am making.

Mr. MacNICOL: The factories set up at the end of the war had no goodwill. They were built on contracts. Say they invested half a million dollars in building and equipping a plant and spent their whole time turning out shells. That is the whole of the capital, is it not, if the whole of the plant is engaged in that work? I started by saying that you could take two plants: one, well managed and well equipped, capitalized at half a million dollars; another not so well managed nor so well equipped, and having, perhaps, not so many machines, and capitalized at a million dollars, and they each turn out the same number of shells. What I am trying to think out is, will this encourage production in times of necessity when it becomes a matter of urgency to produce the most material in the quickest possible time, or will it retard production?

Mr. MACKENZIE (Vancouver): If my hon. friend is trying to be cooperative as far as possible—and I am sure he is—is he suggesting that the basis on which the profit is founded is incorrect or unfair, or that the amount itself is possibly too rigid?

Mr. MacNICOL: I was just wondering whether it would retard production. Or would the setting by the government of a price per shell, a price they themselves determine as fair, with liberty to produce to the limit, increase production—for instance, if they said to the owners of a plant, "We will give you $3 a shell; go ahead and turn out as many as you can"? Or would production be more surely increased by carrying on under this clause?

Mr. MACKENZIE (Vancouver): I may be wrong, but I gather from my hon. friend's remarks that he rather thinks this five per cent is too drastic.

Mr. MacNICOL: No. I passed no comment. I was thinking only of production.

Mr. MACKENZIE (Vancouver): The question of production would depend very largely on the equity or inequity of the present proposal.

Mr. MacNICOL: On what would be turned out.

Mr. MACKENZIE (Vancouver): The production and the capacity for production would largely depend on the equity or inequity of the proposed system if that system were in operation, although if an emergency arose overnight I am of opinion that this present system would not arise. You would have to apply new measures immediately. Essentially this is a measure for peace-time production. Perhaps I might clarify this by submitting a note I had on this particular paragraph.

With regard to the selection of a base on which the five per cent profit should be allowed, the guiding principle is, as my colleague has just pointed out, that it should be based on the actual physical plant and the machinery actually playing a part in the manufacture or production of the article contracted for. It was determined that the base upon which this contract should be calculated should not contain anything in the nature of artificial, inflated, watered or unreal capital. With this guiding principle in mind, this bill provides that the calculation of capital employed shall be based upon the actual cost less depreciation of the physical assets, including plant, machinery, equipment and working capital.

Another problem arises, that of the proper valuation of these physical assets where the actual cash cost to the company is not determinable. If, for example, a company's assets were acquired through the issue of shares, then it might become a matter of some difficulty to arrive at the proper cash value of those assets. It was felt that a reasonable criterion of such cash value would be any previous recent sales of those same assets which might in turn have involved cash payments. Accordingly it is provided—I quote from one of the sections—

> Where such assets were acquired for a consideration other than cash, the board shall determine their fair cash value at the time of acquisition having regard to any sale or sales of such assets within five years of their acquisition by such person and, in the event of no such sale or sales, to any other circumstances which in the opinion of the board may indicate their fair cash value.

These are the general principles underlying the subsection.

Mr. MacNICOL: Has the minister any thought in mind in reference to what he said about a reasonable rate of depreciation?

Mr. MACKENZIE (Vancouver): Just "less depreciation," to be fixed by the board, I would imagine, in every particular case. It may be seen on page 5 of the bill.

Mr. ROSS (St. Paul's): In that connection would there not be a little difficulty about determining what might be a legitimate sale and what might not be? It might be sold to a holding company, for example, on a distress sale.

Mr. MACKENZIE (Vancouver): That is one of the board's chief duties.

Mr. ROSS (St. Paul's): I feel that we should do everything we possibly can in this bill to convince the public that there is to be no profiteering in munitions. That is the point. Now, as to contracts which are to be made with two selected contractors, or half a dozen —and you might have a case involving just two contractors—as I said before, there is no provision for the limiting of profits. To my mind there is a reason why a limitation should be provided for, and I am perfectly certain that where you get two contractors to tender on munitions of this kind they will be quite willing to limit their profits to a reasonable figure. In order that the public may be satisfied with what is being done in connection with setting up this purchasing board, it is important that some clause be inserted for the limitation of profits where two or three or four selected contractors are asked to tender, because there may be things upon which they will tender with the making of which they are not familiar, and therefore they must make their price fairly high in order to take care of the risks involved in the contract. I think it is only reasonable that something along the line of my suggestion should be inserted in the contract.

Mr. LAWSON: Arising out of that question, I have been waiting for an opportunity to ask one which is puzzling me. The modifying words throughout this section 7 seems to be "to which this section applies."

Mr. MACKENZIE (Vancouver): Yes.

Mr. LAWSON: "A contract to which this section applies." Where is there anything to indicate to which this section does apply?

Mr. MACKENZIE (Vancouver): In subsection 9, I think.

Mr. LAWSON: Of this same section?

Mr. MACKENZIE (Vancouver): Yes. It is on page 6:

> For the purpose of this section the word "contract" shall include contracts entered into under the authority of this part and subcontracts in connection therewith, but shall not include (a) contracts awarded as a result of competitive tender or subcontracts in connection therewith, and (b) contracts or subcontracts to the extent that such contracts or subcontracts are performed outside of Canada.

Mr. LAWSON: "Contracts awarded as the result of competitive tender." That could be a contract then from a selected list?

Mr. MACKENZIE (Vancouver): Yes.

Mr. LAWSON: Likewise it could be a contract let after public advertisement?

Mr. MACKENZIE (Vancouver): Yes.

[Mr. I. A. Mackenzie.]

Mr. LAWSON: I am afraid I gathered a wrong impression. I thought you were providing for no limitation of profit on contracts obtained as a result of public advertisement, and were applying the limitation where the contractor should be from a selected list.

Mr. MACKENZIE (Vancouver): No, the principle of competitive bidding is presumed to exist both where you have public advertisement for tenders from everyone and where tenders are invited from a selected list. That was the point raised by the hon. member for St. Paul's (Mr. Ross). The only point of controversy that I see in the situation would be where you have say only two tenders and where there might be, as suggested by someone, I think the hon. member for Yale (Mr. Stirling), the possibility of collusion. It occurs to me that it might be practicable to safeguard that by insisting on tenders from four or five or possibly more tenderers.

Mr. DOUGLAS (Weyburn): Last Friday the minister pointed out that contracts subject to tender had been let sixty per cent by public advertisement and only forty per cent from a selected list. Speaking thereto later, my colleague pointed out that therefore this five per cent profit limitation will apply only to the sixty per cent.

Mr. MACKENZIE (Vancouver): No, that is not correct.

Mr. DOUGLAS (Weyburn): And will not apply to the forty per cent.

Mr. MACKENZIE (Vancouver): It will apply to the sixty per cent and the forty per cent; the public tender list plus the selected list. I was making a comparison between the percentages let by public tender and from a selected list. It would correspond largely with those outside the sixty per cent and outside the forty per cent, that were let by the department for the last two years, and reviewed by the interdepartmental committee, at a unit price or upset price or mostly on a cost plus basis.

Mr. DOUGLAS (Weyburn): What percentage of the contracts let by the Department of National Defence, say in the last year, would come under this profits tax?

Mr. MACKENZIE (Vancouver): I cannot give the percentage at the moment, but I can give the total value. The total value of contracts since the interdepartmental committee has functioned is about $9,700,000. I cannot for the moment compare it by way of percentage with the totals in the other two

categories which I included the other day in the sixty per cent and forty per cent respectively. Is that clear?

Mr. DOUGLAS (Weyburn): Yes.

Mr. KINLEY: Does the minister not think that these profit clauses will operate to the advantage of an incorporated company as against the private individual in business? Paragraph (b) says:

> The net profit of a person in respect of a contract shall be the aggregate amount received by such person under the contract, less such actual expenses and disbursements, allowances for depreciation and overhead charges as shall be determined by the board to be properly chargeable to the contract, but no interest on borrowed capital shall be deducted.

In the case of an incorporated company there is a board of directors whose members are entitled to salaries, and the man who takes the contract, probably the president of the company, is entitled to his salary, whereas the individual in business who takes a contract, if he is not actually engaged in the work, it seems to me would not be entitled to salary; so that these clauses are all to the advantage of the incorporated company as against the private individual in business. Take, for example, shipbuilders in Nova Scotia; some are companies, some are private individuals. In the case of a company there is the president, who would draw his salary. How about a private individual who builds a ship? All he is entitled to is five per cent profit and nothing more, and he must live in the meantime. The income tax law recognizes the salary of the officers as part of the company's expenses, but if you are a private individual in business you just take your profits. If there is no profit and you take anything out of your business, it is regarded as a reduction in capital. The man we should be careful to protect in this country is the man who takes his responsibility, who is not looking for the privilege of limited liability. I suggest that this section should be looked into very carefully with a view to seeing that the private individual in business is protected, because he is becoming much too rare. We need him to-day; there should be more personal responsibility in business.

Mr. McLARTY: If the hon. member will refer to section 2, subsection (e), the definition of "person," he will see that—

> "Person" includes any body corporate and politic and any association or other body, and the heirs, executors, administrators and curators or other legal representatives of such person, according to the law of that part of Canada to which the context extends.

Mr. KINLEY: That is the general law.

Mr. McLARTY: I was dealing with the specific definition of "person," because the hon. member was drawing a distinction between a corporate body and an individual, and I understand his impression to be that in some way we are prejudicing the position of an individual or partnership as compared with an incorporated body. He said that the incorporated body might pay large salaries. One thing that is essential in this bill and important that the committee should understand is that only the actual capital employed is considered. I do not care what the company is or whether its capital is authorized or paid up, the limitation prescribed in this bill is that they shall not receive in the way of profit more than five per cent on the capital actually engaged in the performance of the contract. The capital of a company might be a million dollars or two million dollars, its authorized capital might be still more, but the purpose and intent of this bill is that the capital on which the profit shall be calculated is not what you might call watered stock; the capital to which the five per cent shall apply is definitely limited to the amount actually used in the performance of the contract. For that reason I suggest that the question as to the salary paid by a particular company is not important.

Mr. KINLEY: I do not want to discuss corporate law with a legal gentleman, but I think it is admitted that a company is a "person" under the law. A private individual in business is also a person. But he has not the privilege of limited liability as has an incorporated company. He is the man that should be encouraged in business, the man who accepts his responsibilities. The hon. gentleman knows that the profit on a contract is what remains over and above the expenses. With a private individual there is no such expense as salary of the president or directors.

Mr. McLARTY: I must correct my hon. friend. Under this act the five per cent is not a profit based on the contract price. It is five per cent on the capital employed in carrying out the contract.

Mr. STEVENS: After deducting all charges.

Mr. McLARTY: After deducting certain charges, of course; but it is not a five per cent profit based on the amount of the contract. It is on the capital employed.

Mr. KINLEY: What I want to convey to the hon. gentleman is this, and it is set

out in connection with the income tax. When the president of a company puts in his income tax return, as an industrialist, he states the salary he receives from that company. Then, if he has received any dividend from the company, that goes into the income tax also. But if I am a private individual in business I must pay income tax on my profit; and if there is no profit the money I take out of the business in order to live is considered a reduction of capital.

Mr. McLARTY: I do not want to be in any way unfair to my hon. friend, but I would point out that in relation to this section the salary a particular company pays would have little bearing upon the amount of the tax under section 7. I do not want to embarrass my hon. friend; I only want to try to make it clear.

Mr. KINLEY: I am not embarrassed at all, but I think I know something about companies. This act says:

> The net profit of a person in respect of a contract shall be the aggregate amount received by such person under the contract, less such actual expenses and disbursements, allowances for depreciation and overhead charges as shall be determined by the board—

I say the set-up as between an incorporated company and a private individual in business is altogether different. This will work to the advantage of the incorporated company, and I believe the private individual should be protected in the framing of these sections.

Mr. FRASER: In view of the fact that we are discussing section 7, since I am not an experienced financier but only a dirt farmer from up country I must admit that I am a little mystified by paragraph (b) of subsection 3 of section 7, which concludes with these words: "but no interest on borrowed capital shall be deducted." I think the committee is entitled to have this point cleared up, and perhaps what I have in mind can be best illustrated if I do as some other hon. members have done and endeavour to employ some picture language.

For the sake of argument we will say we have an incorporated company engaged in the agricultural implement business, with $5,000,000 in plant and $2,000,000 in working capital, regardless of whether it is supplied by an issue of common stock or a bond issue; it is capital engaged, fixed and otherwise, in the performance of a commercial business. This company decides, either as a result of being approached by the Department of National Defence or as a result of submitting tenders, that it will build a million dollars' worth of tractors for the government. They set aside, we will say for the sake of argument, $200,000 of their fixed assets in plant and employ those fixed assets in the production of a million dollars' worth of tractors. But, continuing the illustration, they find that at this particular time of year they are using their capital to carry stocks of agricultural implements and credit, and they find it necessary to go to the bank and borrow half a million dollars with which to purchase the supplies necessary for the production of a million dollars' worth of tanks.

I have had some experience with banks, and this company, in order to borrow that money, has to hypothecate its total assets, fixed and movable and its accounts receivable, with the family heirlooms thrown in. The banks require that, as was said a few moments ago in another connection, because they clearly realize that the human element enters into all operations; so the banks fortify themselves against fire losses, against the death of key employees and against all other contingencies that may arise in the ramifications of commercial business. At any rate, this company goes to the bank and borrows half a million dollars on the usual hypothecation, and using the credit of the company, to prosecute the production of a million dollars' worth of tanks for the Department of National Defence. Contrary to the impression suggested the other day on behalf of some hon. members of the house, they do this patriotically, believing it their duty to get into the munitions game and produce this equipment as part of the defence system of Canada and the British empire, as my hon. friend from Vancouver-Burrard (Mr. McGeer) said this afternoon.

The bank says, "All right. We will lend you half a million dollars in addition to the working capital you are using in your commercial business. Our rate is six per cent." I should like to know from the minister, or anybody else who is in the know, if this company is to be penalized one per cent for their patriotic desire to do business with the government; because this paragraph distinctly says that no interest on borrowed capital shall be deducted. The company borrows half a million dollars, and on that money, if the capital is employed for twelve months, interest is paid at the rate of six per cent compounded monthly. At the end of the year, after using that capital borrowed on the credit of our company, we find ourselves in the position of having to lose one per cent compounded monthly, which we charge to the loss side of our profit and loss account.

Mr. KINLEY: That only means you cannot figure it in twice.

Mr. FRASER: You cannot deduct it.

Mr. KINLEY: I think it is capital employed.

Mr. FRASER: But it is borrowed capital employed.

Mr. KINLEY: So you cannot figure it twice.

Mr. FRASER: I am not figuring it twice. My hon. friend and the Postmaster General have tried to clarify this section, and I am doing my humble best to do the same thing. In addition to the capital employed in the manufacture of agricultural implements by this firm, to carry its credit, pay its wages and continue its operations, they have set aside $200,000 of their fixed assets, on which the government of Canada allow them five per cent or $10,000 a year. But in order to prosecute the production of a million dollars' worth of tanks, in addition to their binders, reapers, mowers and plows, the company has to go to the chartered banks and borrow money—and I understand that this is what the banks are for—in order to carry on this government contract. But, as I said a moment ago, the company pays six per cent compounded monthly, and at the end of the year it is told—

Mr. KINLEY: How much do you pay?

Mr. FRASER: I pay six per cent on my borrowed capital which I am using to carry out this contract; that is, six per cent compounded monthly.

An hon. MEMBER: Too much.

Mr. FRASER: If I borrow it in Regina I have to pay seven per cent compounded monthly, but I am talking about Ontario or Quebec, where I pay six per cent. Then when I submit my accounts to the accounting branch of the Department of National Defence at the end of the year they pay me five per cent. So for my patriotic duty I forfeit one per cent on the borrowed capital, compounded monthly, for the pleasure of building these tanks. If I am right, then all I suggest is that paragraph (b) should be clarified—at least for one member of the committee.

Mr. ROBICHAUD: I think there is something to be said for the point raised by the hon. member for Queens-Lunenburg (Mr. Kinley). I cannot agree with the interpretation of the section given by the Postmaster General (Mr. McLarty). Let me give an illustration. We will suppose that I own a plant, and that the capital invested in the performance of a contract amounts to a million dollars. We will suppose I make $100,000 profit. If I am an individual I have to turn back to the government, in taxes, $50,000, because I am allowed only the five per cent maximum as profits. But if a company, then that $100,000 is the gross profit, not the net profit. Out of that $100,000 they are allowed to pay perhaps $50,000 as directors' fees. Therefore the net profit would be considered as $50,000, and they would be permitted to retain the $100,000 they make. On the other hand, in the case of the individual the $50,000 would be taken away, because he had not divided it in fees and in other ways.

Mr. MACKENZIE (Vancouver): With reference to the point raised by the hon. member for Northumberland (Mr. Fraser), may I say that we appreciate and welcome suggestions and criticisms. But the viewpoint that was adopted in regard to the particular provision that we should not make any deduction for interest on borrowed capital was as follows: The provision is not unfair inasmuch as moneys raised by the corporation, through the issue of its bonds, will doubtless have been invested in plant equipment, machinery, and so on, and as such, such capital is owned by the company and, accordingly, is properly included in the total of capital employed by the corporation in performing the contract. In short, the corporation will be entitled to receive profits up to five per cent on the physical capital which, though owned by the company, is in fact the security against which bonds were issued. In view, then, of the fact that this capital may be included in the base upon which five per cent may be allowed, it follows that no allowance should be made elsewhere for interest paid on funds borrowed from third parties. That was the viewpoint which led to the insertion of this clause.

Mr. FRASER: I appreciate very much the explanation given by the minister with respect to that particular clause, and I accept it as being absolutely correct, so far as the details of the explanation the hon. gentleman has given are concerned. His explanation I submit covers only money borrowed on a bond issue invested in physical, fixed assets, or working capital. But I wish to point out again that the money mentioned in and covered by the explanation of the minister may be employed in the commercial end of the business, or in some other end of it. And they set aside, may I repeat, for the prosecution of the contract $200,000 of the fixed assets of the company covered by the very bond

issue mentioned by the minister, on which they are paid five per cent and on which they do not and are not rightly permitted to deduct the interest charged on the bond issue. I concur in that, and agree with it. But I go a step farther. I would suggest that at least fifty per cent of the industrial companies in Canada in the position I have mentioned would have to resort to bank credit to prosecute their business. The point I am trying to bring out is that the company, in addition to the $200,000 covered by the explanation of the minister, find that they have to go to the bank and borrow a half a million dollars in order to buy material, pay labour, and pay for fuel, overhead and so on, to manufacture tanks, guns, or whatever it may be, for the Department of National Defence. They pay on that half million dollars five per cent compounded monthly. If it is five per cent compounded twelve times a year it figures out to about five and three-eighths per cent at the end of the year. So if they pay the banks the exact rate of interest as covered and limited by the bill they still contribute three-eighths of one per cent, plus the operation of their business, to the provision of munitions for the Dominion of Canada.

I submit if my interpretation is correct that the Department of National Defence is defeating the purpose of the bill, because you cannot get people, in my humble opinion, to be sufficiently philanthropic, with the interests of their shareholders foremost in mind, to lose money simply to have the opportunity of building tanks or munitions of war. I submit with due respect, and I hope with a clear understanding and proper interpretation of the note the minister has read, that he has not yet answered my point.

Mr. LAWSON: If the minister has taken due note of the hon. member's suggestion—

Mr. MACKENZIE (Vancouver): I have.

Mr. LAWSON: —I presume he will give consideration to it. I should like to come back to what I was speaking about some time ago. After giving serious consideration to section 7 it does seem to me, with respect to the limitation of profits, that in the final analysis it will apply only to contracts under $5,000. Now, let me see if I can make myself clear.

Mr. MACKENZIE (Vancouver): Over.

Mr. LAWSON: Over. In section 2 of the bill we say that a contract shall mean, among other things, any contract which involves an expenditure by the department of a sum in excess of $5,000. In other words, it is not a contract under this bill at all, according to that, unless it exceeds $5,000. Let us start with that. In subsection 4, of section 4 I read that in respect of all contracts the board shall, wherever practicable, invite tenders either by means of advertisements in the public press or otherwise. So now in respect of all contracts in excess of $5,000, unless there is some very special reason, the board will invite tenders. Now I come to section 7, and I find that it applies to "those contracts to which this section applies." And then when I go to subsection 9 I find that we eliminate all the contracts which have been awarded as a result of competitive tender. What have we got left?

Mr. MACKENZIE (Vancouver): Just those where tenders are not practicable, over $5,000.

Mr. LAWSON: All you have left, then, are those tenders or contracts over $5,000 in respect of which tenders have not been called.

Mr. MACKENZIE (Vancouver): Yes.

Mr. LAWSON: Let us go back to subsection 4, where it is stated that in respect of all contracts the board shall, wherever practicable, invite tenders. Surely then this whole bill, so far as the limitation of profits in respect of defence contracts is concerned, will apply to only a very few contracts, and in very rare cases.

Mr. MACKENZIE (Vancouver): Where tenders are not practicable.

Mr. LAWSON: Yes, where tenders are not called for.

Mr. MACKENZIE (Vancouver): Not practicable.

Mr. LAWSON: You might think, after hearing the minister the other day, that we were really doing something big.

Mr. POWER: You never understood him, right from the start. That has been your trouble.

Mr. MACKENZIE (Vancouver): It was $10,000,000 in the last two years.

Mr. LAWSON: Without tenders?

Mr. MACKENZIE (Vancouver): I shall have the percentages worked out to-morrow.

Mr. LAWSON: Without tenders?

Mr. MACKENZIE (Vancouver): Reviewed by the interdepartmental committee in the last two years.

Mr. LAWSON: In view of the acrimonious debates we have had this session in connection with contracts awarded without tender, I was rather hopeful that such contracts would be a great deal less in future years.

Mr. MACKENZIE (Vancouver): The ingenuity of the point raised by my hon. friend does not alter in the slightest the explanation that I gave. First of all, there are two kinds of competitive tenders. This applies only where competitive tenders are not possible, either by public advertising or from selected lists. The board would be compelled to deal with the matter when they ruled that tenders were not practicable. This could be computed from a comparison between the amount of contracts awarded in the last two years through the interdepartmental committee and the total amount of contracts awarded by public tender or from selected lists.

Mr. LAWSON: If we are agreed on that, then there is a great deal in the point raised by the hon. member for Queens-Lunenburg (Mr. Kinley). Let me give a concrete illustration. If I may say so, I think the Postmaster General (Mr. McLarty) was wrong in his interpretation. Let us take a corporation in connection with which the board, in pursuance of the powers conferred upon it by section 7, has fixed the actual capital used at $1,000,000. Let us assume the whole plant is being used to carry out a munitions contract. Let us assume that in the ordinary course of that business the general manager is paid $50,000 a year by the corporation, and the assistant general manager $25,000 a year by the corporation. That $50,000 and $25,000 and the other executive salaries enter into the cost of production.

Mr. McLARTY: My hon. friend assumes that the amount of capital to be employed is fixed at $1,000,000. The amount of profit or the amount of payment in connection with the contract is definitely fixed by his first assumption.

Mr. LAWSON: No.

Mr. McLARTY: The capital employed.

Mr. STEVENS: My hon. friend is confusing law and accountancy.

Mr. LAWSON: If the Postmaster General will just follow me for a minute, let us assume a corporation gets a munitions contract for $1,200,000. Let us forget all about capital for the time being. This contract is to make certain munitions and the whole plant is being used.

Mr. McLARTY: That contract is of course not the result of a tender?

Mr. LAWSON: If it were the result of a tender this legislation would not apply. We are dealing with cases where there are no tenders. They have a contract for $1,200,000. They go ahead with the contract, and when they finish, the government auditor comes along, or some auditor under the board, and tells them they have made more than five per cent on the amount of the capital invested by the company. They say they have not, and they ask the board to tell them how much capital there is. The board looks into it and tells them the capital used is $1,000,000. The corporation then asks what it cost them to make the goods. That is the first thing that must be determined before we can get net profit, gross profit or anything else. Executive salaries enter into the cost. If the corporation shows costs of $1,150,000, including $100,000 of executive salaries, they would be subject to no penalties under the legislation because all the profit left would be a net profit of only $50,000 on a $1,200,000 contract. But if that contract had been let to an indivdual, he would not be permitted to pay himself an executive salary and count it in the determination of the cost. My hon. friend is right when he says there is a distinct handicap placed upon an individual manufacturer, while the corporation is favoured.

Mr. MACKENZIE (Vancouver): Are there any further suggestions to be offered? If not, it was my intention to let this section stand for further consideration and proceed with the non-contentious sections.

Mr. DOUGLAS (Weyburn): I think the general feeling throughout the country, judging by the press reports, especially when the minister made his announcement last Friday, was that this legislation was to apply to all contracts except those let by public tender. We now find that it is not concerned with contracts which are let from selected lists, as there is considered to be an element of competition there. I think that is debatable. For instance, two contractors might be asked to submit tenders. Quite apart from the use of the word "collusion," they might be following some trade practice when they submitted figures which were very close together. They might have agreements as to contracts whereby one would take one contract and the other another. This could be done without doing anything of a criminal nature. The company given the contract might make a very substantial profit, but it would not come under the five per cent profit tax imposed

by this bill. If the minister is going to let the section stand I would ask him to consider seriously taking out paragraph (a) in subsection 9 of section 7, which reads:

Contracts awarded as a result of competitive tender or subcontracts in connection therewith.

Mr. MACKENZIE (Vancouver): I think you will find a section in the bill under which the board is authorized to keep complete lists of those available for various contracts.

Mr. DOUGLAS (Weyburn): I ask the minister to consider taking out that paragraph of that subsection and adding a clause which would make this profits tax apply, not only to contracts given without tender but to contracts given from selected lists.

Mr. STIRLING: I wanted to make a remark with regard to subsection 4, which contains a most unusual reference to the income tax division. I should like to know if there is any other such reference to the sacred secrets of the income tax department in any other phase of our public or private life? In the old country they have had more experience in connection with income tax, and they consider it one of the most dreadful things imaginable to suggest releasing any information contained in income tax returns.

Mr. MACKENZIE (Vancouver): I have never seen it in any other legislation, but it is just another drastic provision in this legislation to provide for the getting of complete information to ensure that the provisions respecting taxation will be enforced.

Mr. ROSS (St. Paul's): The board might request the officers of the income tax branch to furnish the amount of capital and so on.

Mr. MACKENZIE (Vancouver): That will be considered.

Section 7 stands.

On section 8, paragraph (a)—Inquiry as to requirements.

Mr. MacNICOL: Does this not limit the minister's activities?

Mr. MACKENZIE (Vancouver): I hope so.

Mr. MacNICOL: Does it not almost eliminate them?

Mr. MACKENZIE (Vancouver): It does not curtail the authority or responsibility of the minister in respect to following up contracts, or in the actual awarding of them.

Paragraph agreed to.

Paragraph (b) agreed to.

[Mr. T. C. Douglas.]

On section 8, paragraph (c)—Surveying industrial plants.

Mr. MacNICOL: Does this empower the board to send out someone to survey a plant as the department did?

Mr. MACKENZIE (Vancouver): That work is done very largely now.

Mr. MacNICOL: Because if it is, the surveys may extend to Jericho.

Paragraph agreed to.

Paragraphs (d) to (h) inclusive agreed to.

On section 8, paragraph (i)—General.

Mr. STIRLING: Is the minister going to consider inserting here a clause to cover the board's appealing to the department to furnish technical officers? The same question arose with regard to section 6, which stood.

Mr. MACKENZIE (Vancouver): My hon. friend raised that point earlier in the evening, and we allowed section 6 to stand.

Mr. STIRLING: Yes, and the same suggestion was made with reference to section 8, which lays down what the board can do in the carrying out of its powers. I think instructions should be given to the board for the carrying out of the inspection of the contract.

Mr. MACKENZIE (Vancouver): That is, in addition to recasting section 6, have a new paragraph inserted in section 8?

Mr. STIRLING: That is worth considering, I think.

Mr. McLARTY: Would not paragraph (i) cover it if you reworded section 6 along the lines suggested?

Mr. STIRLING: I leave it to the minister, but I should have thought it would be a good thing to say in section 8 that the board shall have the duty of carrying out the inspection and can seek the assistance of technical officers in doing so.

Mr. MACKENZIE (Vancouver): We will consider that, and if necessary reopen the section.

Paragraph (i) agreed to.

Section agreed to.

Section 9 agreed to.

On section 10—Appointment or transfer of civil servants.

Mr. MacNICOL: With reference to subsection 2, which refers to "a civil servant who, at the time of his appointment," does that mean a civil servant who has been transferred to the board from some other department?

Mr. MACKENZIE (Vancouver): Yes.

Mr. MacNICOL: How are all the other employees of the board to be selected?

Mr. MACKENZIE (Vancouver): There is one clause dealing with the technical officers.

Mr. MacNICOL: I mean the large staff of accountants, investigators, and so forth.

Mr. MACKENZIE (Vancouver): Except for the technical officers, they will be seconded from the department or transferred from other departments, or, I presume, appointed by the civil service commission.

Section agreed to.

On section 11 — Appointment technical officers.

Mr. LANDERYOU: What technical officers would be employed by the board? Would not the board have the advantage of having available any of the officers of the department?

Mr. MACKENZIE (Vancouver): Oh, yes; and those officers with experience under the director of contracts would, I presume, be very valuable under the supervision of the board, but it might be necessary for the board on occasion to engage temporarily a technical officer outside. They might enter into a contract and suddenly need advice from a professional man, a lawyer or an accountant, and this section gives them the necessary authority.

Mr. LANDERYOU: It was the technical men I was more particularly interested in.

Mr. MACKENZIE (Vancouver): This is for exactly the same purpose.

Section agreed to.

Sections 12 to 16 inclusive agreed to.

On section 17—Governor in council may borrow for capital expenditures.

Mr. LANDERYOU: Is the minister himself satisfied with the policy that is to be pursued of raising money for purposes of national defence as indicated by this clause? Is he in favour of this method?

Mr. MACKENZIE (Vancouver): I must be.

Mr. STEVENS: This is, of course, a very important clause, and involves a radical departure from the usual procedure. I am not quite settled in my own mind as to whether it is a wise clause. The general idea of amortizing expenditures for defence may be novel and attractive and interesting from the point of view of inducing those who are opposed to this class of expenditure to swallow the pill a little less painfully. But when it comes down to real administration I have very grave doubts of its value. Surely we ought to keep away from a statutory provision by which special borrowing can be done for one class of government activities. I do not like it at all. The first thing we know we shall have so many statutes—we have too many now—dealing with similar things affecting different branches of government that the result will be chaos. I sometimes think we ought to have a complete revision of all our statutes, eliminating a great many, and codifying the others. I do not want to block the passing of this legislation, but I definitely question the wisdom, from an administrative and legislative standpoint, of this provision.

Mr. MacNEIL: Will the minister explain how this section will operate and how the appropriations will be presented to parliament?

Mr. MACKENZIE (Vancouver): Section 17 empowers the government to borrow money up to the amount designated as chargeable to capital account in the annual appropriations of the department. It will be recalled that the estimates recently tabled provided under national defence for ordinary expenditures of $34,000,000 odd and for capital expenditure of $29,000,000 odd.

The present section further provides for borrowing power during the current year up to this limited amount, something just over $29,000,000. Subsection 2 of section 17 makes formal provision for making the principal raised by way of loan, and the interest charged thereon, a charge on the consolidated revenue fund.

Section 18, provides for the amortization of the amount borrowed for expenditure on defence. It is provided that the capital sum shall be repaid in ten equal annual instalments out of appropriations provided by parliament for the department, and that the interest payable shall be at the rate of three per cent. There is also a formal provision that the sums required to be paid shall be paid at such times and in such proportions as the treasury board may from time to time direct.

In regard to the principle followed in separating the items in the defence estimates to be financed by capital expenditure from those to be financed in the ordinary way, the principle is based largely on the question of durable value. The amounts required for the replacement of current supplies belong largely to ordinary account. Fortifications, guns, or something else to be acquired whose lifetime would be from ten to twenty years would be financed from capital expenditure, repayable over a period of ten years.

Mr. LANDERYOU: There is provision for retirement of the expenditure, provision for a sinking fund. I understood the minister to say that this principle of repayment within ten years of the money we have borrowed would have to be set aside in the event of war, and drastic financial provisions would have to be made overnight. Just what drastic provisions would be substituted for this?

Mr. MACKENZIE (Vancouver): That, of course, will be a matter for the administration which is in charge when the emergency arises. There is no question that if a national emergency of any magnitude should arise, any government would be confronted with the necessity of providing large sums in a short space of time.

Mr. ROSS (St. Paul's): Why is it that this principle of amortizing over a period of ten years the amount to be borrowed is not followed in connection with public works or other expenditures? Why should we depart in this particular case from what has been a recognized principle? I do not see any object in doing it, because it is only taking money from one pocket and putting it into another. It may make the expenditure for the year a little smaller, but the money is to be spent just the same as it would be on a public building.

Mr. DOUGLAS (Weyburn): It seems an unusual procedure that one department should enter into this type of arrangement. It appears to me the procedure to be followed should be that the Minister of Finance would pay the money out of the consolidated revenue fund and, if required, float such bonds and loans as were necessary to repay it. It is unusual to tag what is really a financial bill on the end of a defence purchasing bill. Has the minister any reason for following that procedure? Is it customary?

Mr. MACKENZIE (Vancouver): I believe this is the first time we have done it in Canada.

Mr. DOUGLAS (Weyburn): Was there any particular reason for doing it? I was wondering why it was done. I am not protesting, because I do not understand the minister's reason for doing it.

Mr. LANDERYOU: Could the minister explain the purpose of having this provision in the bill?

Mr. MACKENZIE (Vancouver): Considering the lateness of the hour I shall take due note of these profound questions and answer them when the committee sits again.

Section 17 stands.

[Mr. I. A. Mackenzie.]

Progress reported.

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

Friday, March 17, 1939

The house met at three o'clock.

DOMINION ELECTIONS

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. C. E. BOTHWELL (Swift Current) presented the first report of the special committee on electoral matters, and moved that the report be concurred in.

Motion agreed to.

PRIVATE BILLS

SENATE BILL—FIRST READING

Bill No. 43, for the relief of Stefano Guilio Luciano Roncari—Mr. Walsh.

BUSINESS OF THE HOUSE

INQUIRY AS TO ADJOURNMENT AT SIX O'CLOCK ON ST. PATRICK'S DAY

On the orders of the day:

Mr. ROBERT FAIR (Battle River): Has the government considered adjourning at six o'clock this evening in order that Irish members of the house and their friends may celebrate St. Patrick's day?

Right Hon. ERNEST LAPOINTE (Minister of Justice): We will all celebrate this great day by doing some more work to hasten the business of the session.

NATIONAL DEFENCE

ATTITUDE OF MR. DE VALERA, AND CANADIAN DEPARTMENTAL ESTIMATES

On the orders of the day:

Mr. DANIEL McIVOR (Fort William): I should like to direct a question to the Minister of National Defence (Mr. Mackenzie) with the view that the estimates of his department might be cut down. As Mr. De Valera has now decided to fight alongside of Great Britain, do we LOW need to spend as much on national defence?

Hon. IAN MACKENZIE (Minister of National Defence): I greatly appreciate that splendid Hibernian contribution to national defence.

FOREIGN POLICY

INQUIRY AS TO MINISTERIAL STATEMENT RESPECTING RECENT DEVELOPMENTS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Will the Prime Minister (Mr. Mackenzie King) be in a position at the first of the week to give the house any information on the foreign situation, in view of its great importance to the people of Canada?

Right Hon. ERNEST LAPOINTE (Minister of Justice): The government will take notice of the question of my hon. friend, and I have no doubt the Prime Minister will satisfy his legitimate curiosity.

PENITENTIARIES

ESTABLISHMENT OF COMMISSION WITH POWERS OF ADMINISTRATION AND CONTROL—MOTION FOR CONCURRENCE IN SENATE AMENDMENTS

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of and concurrence in amendments made by the senate to Bill No. 34, an act respecting penitentiaries.

He said: The senate have approved this bill, adding two amendments. The first is to section 5, by adding a subsection 2 reading:

(2) Nothing in this act shall be deemed to extend or apply to the exercise of the royal prerogative of mercy, or to the remission service of the Department of Justice, or to alter or affect or to authorize any altering or affecting of that direct control of that service by the minister which now exists.

I have no objection to accepting the amendment, which however I did not think necessary. It has never been the intention in any way by this bill to affect the present situation in regard to the prerogative of mercy. I took the trouble to say that anything along that line will have to be considered and be the subject of further legislation if it is deemed advisable.

The second amendment is to section 11, which gives to the commission the power to appoint the guards, trade instructors and subordinate officers. The senate have added these words: "upon the recommendation of the warden." By the old statute those guards were appointed by the superintendent upon the recommendation of the warden. My purpose was rather to give full control to the commission, but the senate have thought fit to add the words "upon the recommendation of the warden , and I am quite willing to accept the amendment.

Motion agreed to; amendments read the second time and concurred in.

WAYS AND MEANS

CANADA-UNITED STATES TRADE AGREEMENT

The house in committee of ways and means, Mr. Sanderson in the chair.

Mr. DUNNING: Mr. Chairman, some time ago I tabled an explanatory tabular statement of the tariff changes, of which I think every hon. member has a copy. If hon. gentlemen will now turn to page 21 of that statement they will find printed opposite each item the answers to a number of questions which I feel sure they otherwise would ask. This information is printed for the purpose of expediting the consideration of each item. I have, of course, further information in connection with each item; but as far as comparative rates are concerned, they are fully set out in the tabular statement commencing on page 21 with respect to schedule 1. I believe we are now on the second item; one item was carried.

Customs tariff—7. Meats, fresh, n.o.p.:

ex (a) Edible offal of beef and veal, 4 cents per pound;

ex (c) Pork, 1¼ cents per pound.

Item agreed to.

Customs tariff—9. Poultry and game, n.o.p., 15 per cent.

Item agreed to.

Customs tariff—10. Meats, prepared or preserved, other than canned:

(a) Bacon, hams, shoulders and other pork, 1¾ cents per pound;

(b) N.o.p., 3 cents per pound.

Mr. THOMPSON: I notice this item provides for meats, prepared or preserved, other than canned. I have always felt it a great mistake that we did not have some protection against canned meats. We are paying 1½ cents per pound to get our cattle into the United States while our quota lasts, and it lasted only three weeks during the first quarter of the year. After the quota is filled we must pay 3 cents per pound or practically $30 per head, while at the same time we admit free from the United States and the Argentine between eight and ten million pounds of meat each year, which is the equivalent of about thirty thousand cattle. In other words these countries are sending practically thirty thousand head of cattle into Canada annually free of duty while we must pay from 1½ cents to 3 cents per pound on the cattle we ship to the United States. I have always thought it was very unfair that we did not have some protection against the importation of canned meats from countries which impose such high duties on our live stock.

Mr. DUNNING: My hon. friend's remarks do not pertain strictly to this item, which deals with bacon, hams, shoulders and other pork, prepared or preserved, other than canned. In connection with that class of commodity the balance of trade is very much in our favour, and the object of the item now under consideration is merely a binding that Canada will not, during the continuance of the treaty, increase the rate against the United States. Perhaps the committee would be interested in the figures of our imports from the United States. Last year the total was less than $300,000, while our exports to the United States were $551,000 in connection with the same items.

Mr. THOMPSON: Could the minister give us the imports from the Argentine, which enjoys the same privileges we extend to the United States?

Mr. DUNNING: I have not the figures before me, but my officer tells me there would be no imports from the Argentine under this item, which has to do with pork and pork products.

Mr. HYNDMAN: Would the minister give us the corresponding United States duties in connection with the items we have considered so far?

Mr. DUNNING: The United States tariff item does not exactly correspond with the one now under discussion; there is a slight variation in the content of the item, but broadly speaking it is similar. Prior to the first agreement their rate against us was 3¼ cents per pound. Under the new agreement the rate will be 2 cents per pound.

Mr. HYNDMAN: And on the three preceding items?

Mr. DUNNING: Under item 6, before the 1938 agreement the rate was 2 cents per pound; under the 1938 agreement the rate is one cent. Under item 7, before the new agreement the rate was 6 cents; under the new agreement it is 3 cents. The United States tariff is 6 cents per pound. There is no change in that tariff on item 9 in the new agreement.

Item agreed to.

Customs tariff—16. Eggs in the shell: 5 cents per dozen.

Item agreed to.

Customs tariff—42. Salt, in bulk, n.o.p.: 4 cents per 100 pounds.

Item agreed to.

[Mr. Thompson.]

Customs tariff—45. Milk foods, n.o.p.: prepared cereal foods, in packages not exceeding twenty-five pounds weight each: 25 per cent.

Item agreed to.

Customs tariff—46. Prepared cereal foods, n.o.p.: 15 per cent.

Item agreed to.

Customs tariff—ex 47. Lima beans, dried: one cent per pound.

Item agreed to.

Customs tariff—ex 47. Soya beans, n.o.p.: free.

Item agreed to.

Customs tariff—52. Barley, n.o.p.: 15 cents per bushel.

Mr. PERLEY: I think we are giving the United States a little advantage under this item. There is a reduction of 7½ cents a bushel on barley coming into Canada, whereas, under the corresponding item, 722, in the United States tariff, a reduction of five cents only is given us. When we consider the value of barley for feeding purposes, I think we have given a little greater concession than we have received. The United States imported last year something like $11,000,000 worth, from which it appears that there is a good market there for our barley. We went a little too far in reducing our duty as compared with theirs.

Mr. DUNNING: In negotiating the treaty we had in mind, as regards this item, the points made by my hon. friend. Of course, the fact is that we have never imported as much as a thousand bushels from the United States in any of the last three years. In 1936 we imported 231 bushels; in 1937, 251 bushels; and in 1938, 417 bushels. The United States on the other hand imported from us in 1936, 1,806,000 bushels; in 1937, 13,300,000 bushels; and in 1938, 2,871,000 bushels. As pointed out by the hon. member, the rates under the new agreement will be matched; that is to say, the rate is 15 cents a bushel on barley going to the United States and 15 cents on barley coming from that country. On the whole, having regard to the history of the trade, the five cent reduction on our barley going into United States means very much more to our farm population than the reduction to 15 cents on United States barley entering Canada.

Item agreed to.

Customs tariff—55. Indian corn, n.o.p.: 10 cents per bushel.

Mr. PERLEY: I have a more serious complaint in regard to this item. The duty

is reduced from 20 cents to 10 cents. Will the minister give amounts of importations of Indian corn, particularly from the United States, and other countries as well?

Mr. DUNNING: The imports from the United States in each of the last three years have been:

	Bushels
1936	35,000
1937	32,000
1938	189,000

Curiously enough our exports to the United States in the same years were:

	Bushels
1935-36	40,000
1936-37	127,000
1937-38	304,000

In other words, in 1938 we exported to the United States approximately double the quantity we received in that year. The conditions vary from year to year owing largely to the size of the crop in South Africa. It was necessary a few years ago, in the interests of Canadian users of corn, to ask the government of South Africa to agree for a time to the dropping of their preference in order that the great body of users of corn in Canada might be able to get it at a reasonable price, for the reason that South Africa was in that year unable to supply corn. This solution, not merely under this item but in connection with other corn items, follows negotiations with South Africa and represents a fitting together of the interests of South Africa and of Canadian users of corn in relation to the duty on United States corn, about as effectively as I think can be done.

Mr. PERLEY: What was the duty on corn going into the United States?

Mr. DUNNNG: Twenty-five cents a bushel, with a special rate from Cuba only of ten cents, which does not concern us.

Mr. PERLEY: This is an important item. I am pleased to note that the exports of corn from Canada have been increasing; it is evidence of the fact that we can produce corn in Canada as well as they can in the United States. That has been demonstrated on our experimental farms. Anything that would replace our barley—and corn has been doing this to a certain extent for feed purposes—is detrimental. On a former occasion, as hon. members who were in the house from 1930 to 1935 will recall, the then member for Souris, Mr. Willis, placed on the record in detail the experiments that had been carried on in Canada in connection with the feeding value of corn and barley. He showed the experiments that had been done at Indian Head and other demonstration stations, proving conclusively that barley, and particularly a mixture of barley, wheat and oats, had a great food value and compared very favourably with corn. The point I wish to make is that if we can produce corn in Canada, as no doubt we can, in the light of the figures given by the minister, and knowing what we can do in regard to barley, we should be careful to see that the Canadian market is not lost to the Canadian producer, for either barley or corn. In view of the rate which the minister has given of 25 cents a bushel going into the United States, and considering our reduction from 20 cents to 10 cents a bushel, I think the exchange is rather unfair. The United States producer has the advantage over the Canadian.

Mr. MARTIN: I would not want to let this item pass, particularly in view of some of the observations of the hon. member for Qu'Appelle (Mr. Perley), who I see has done vicarious duty to-day.

Mr. PERLEY: What was that?

Mr. MARTIN: I said I would not want to let the item pass in view of the observations of the hon. gentleman, who has vicariously done his duty to-day in a very admirable manner. This item, involving a reduction of the tariff on corn from 20 cents to 10 cents, should be considered in the light of other provisions in the treaty which will be discussed later, where the duty is increased from zero to 10 cents on corn for starch and distillation purposes. Of course the hon. member for Qu'Appelle knows that this matter is of considerable importance to southwestern Ontario, which produces eighty-five per cent of the corn produced in Canada. The ten cents that is now provided for in the treaty, together with the imposition of a tariff on corn which up to now has not existed, should satisfy the worry and concern of my hon. friend. That there is no doubt as to the capabilities of the corn growers of southwestern Ontario to produce all that is necessary for the corn consumptive needs of this country. It has been done in the past and it can easily be done again. I should like to ask the Minister of Finance one question. The ten cent imposition on corn for distillation and starch purposes—it does not come under this item—will apply only to non-empire importations?

Mr. DUNNING: Correct.

Mr. MARTIN: Has any request been made by South Africa to have its exports included in the ten per cent imposition on corn for distillation and starch purposes?

Mr. DEACHMAN: Mr. Chairman, I should like to suggest to the hon. member for Qu'Appelle (Mr. Perley) that he make some concession, however slight it may be, to the intelligence of the farmers of Ontario. If they want to feed barley, they will feed it. If they want to sell it to the United States, they will sell it. If they want to buy corn for feed purposes, let them buy it. I think we can trust to their decision in the matter without any advice from the hon. member for Qu'Appelle or even from the Minister of Finance (Mr. Dunning) or the Minister of National Revenue (Mr. Ilsley). I should like to see a more generous latitude allowed in connection with some of these things. Although the farmer may not conform to some of our ideas, when it comes to running his own farm under the conditions which exist he is, to use a familiar phrase, master of his own fate. He will decide these questions just as intelligently himself as when he receives the advice of members of parliament, who may be here in this chamber regardless of whether or not they are farmers. The only thing we need to do for the farmer is to give him freedom. The only thing which he needs is the thing which we deny him. The more generous measure of freedom he gets, the better and happier he will be. The greater measure of freedom that is given him, the less trouble this government will have in connection with unemployment, loss of revenue on the national railroad and other problems which we are trying to solve by getting in the way of the only thing that will solve them, the wisdom and common sense of the producers of the Dominion of Canada.

Mr. THOMPSON: I do not think that legislation to permit the importation of corn for feed purposes will benefit the farmers of this country, neither do I think it is wise or in their interests to lower the duty from 20 cents to 10 cents per bushel. I have been in the live stock business and I know that there is no feed that will make a fine quality of bacon more rapidly than wheat, barley and oats. Such bacon is much superior to corn fed bacon. Our great difficulty has been to sell our wheat. In 1932 we obtained from Great Britain a quota of 180,000,000 pounds of bacon, which we have never been able to fill. If the farmers of the west would mix their wheat, barley and oats together and produce more of the bacon the British market is wanting, they would be able to use a considerable portion of their wheat. I do not think it is in the interests of our farmers to encourage the importation of corn for feed purposes.

Mr. PERLEY: The hon. member for Huron North (Mr. Deachman) appeals to hon. members to use their intelligence with respect to this matter. I may say that I was thinking somewhat of the tastes of the animals we produce in western Canada, those good steers which the farmers in his district go out west to buy to bring down here to feed. These animals have a taste for western barley, and when farmers go out west to get these cattle, I think it would be advisable that they bring back a carload or so of barley to feed. These cattle prefer western barley even to Ontario corn.

Mr. REID: I suppose it would be very difficult to make changes in the tariff to suit every province, but I think I speak for the other British Columbia members when I say that this reduction in the tariff on corn is welcomed in British Columbia by the dairymen and poultrymen. I do not know how many times I have had to rise in my place to contradict the hon. member for Qu'Appelle (Mr. Perley) when he has spoken about barley for feed. He quoted Mr. Willis, but he is no authority, especially on poultry. He need not come out to British Columbia to preach feeding barley to poultry. There are two reasons why that is not feasible. First, the freight rate from Manitoba to British Columbia is too high. Second, barley is not as palatable poultry feed as is corn. If you throw down corn and barley to poultry, the barley is the last grain they will pick up. Any poultryman who knows his business at all would never substitute barley for corn. I am pleased that the tariff is being changed to equalize the importations of all varieties of corn. It was a sore point to people in British Columbia that corn for distillation or starch purposes should enter free when corn for poultry feed was charged a duty. It is unfortunate that one small section of Ontario should attempt to be a guide for the rest of this country, even if they do beat us out as far as numbers are concerned. Coming from British Columbia, I welcome this reduction in the tariff.

Mr. STEVENS: It would be most unfortunate if the observations of my hon. friend should go without correction. He probably is not aware that the appreciation which he has just expressed of the reduction in the tariff has been directed to a tariff which does not affect the poultry feeders of British Columbia It is chiefly South African corn that comes into British Columbia. This has been so ever since the Ottawa agreements, which the hon. member condemned so much. The corn which

is fed in Ontario does not go to British Columbia, and I do not think it ever did to any extent.

Mr. MARTIN: It should.

Mr. STEVENS: Not necessarily. As everyone knows, there is a market for it here. The corn used out our way which the chickens have been relishing so much is imported from South Africa. Some corn is brought in from the Argentine and a small quantity from Manchuria.

Mr. ILSLEY: Quite a lot from the Argentine.

Mr. DUNNING: Quite a lot from the United States.

Mr. STEVENS: South Africa is the chief source of supply for corn for British Columbia.

Mr. REID: There have been years when the United States had not enough corn to supply our requirements. Those who are in the business of manufacturing poultry feeds tell me that the Argentine corn is a much better corn for making cracked corn and corn meal than is South African corn. I want to contradict the hon. member with regard to price. Before I left to attend the session, corn in British Columbia was selling at around $38 per ton, as compared with $21 for wheat. Upon making inquiry I was told that this price was due to the long haul for corn coming from South Africa. The Cloverdale Cooperative Association, who handle the greater part of the business in my district, inform me that corn from the United States can be brought into British Columbia more cheaply than corn from any other point.

Mr. HAYHURST: I was going to suggest to the hon. member that if we had a good road from Alberta to the Fraser valley, Alberta wheat could be taken down the Fraser valley much more cheaply than you can import corn, and the hens would pick up our wheat in preference to corn any time. But the main thing is to get means of transportation in our own country. The hon. member for New Westminster is always advocating a reduction in freight rates, but if we had a good road there, they would carry the grain by truck.

Mr. REID: Then we would get cheaper freight rates.

Mr. DUNNING: I dislike to hold up my own items, but the economic argument that has been made is so fallacious that I cannot forbear referring to it. No one will seriously suggest that wheat in bulk can be taken on the long haul from Alberta to the Fraser valley cheaper by truck than it can be hauled over the railroads. That is completely wide of the mark.

Mr. HAYHURST: A great many garage men in southern Alberta would like that road built to-day, and then they would deliver the wheat at Chilliwack and other internal points in British Columbia cheaper than the railroads are doing it now.

Mr. CLARK (Essex): Mr. Chairman, I should like to put on *Hansard* a copy of a resolution sent to me by the president of the Essex county farm bureau.

Mr. MARTIN: What is his name?

Mr. CLARK (Essex): John Lickman, and a good Conservative, too. I received the following letter from him dated at Essex, April 8, 1938:

> The enclosed resolution was unanimously passed at a meeting of corn growers and dealers held in Essex Wednesday night.
>
> Copies have been forwarded to Hon. W. D. Euler, Hon. J. G. Gardiner, Hon. Chas. Dunning,, and Hon. J. L. Ilsley.
>
> I would very much appreciate your assistance in order that the resolution may be given full consideration by the government.

The resolution reads as follows:

> Whereas the present tariff structure between Canada, United States, and the British Empire is about to be adjusted, and whereas it is understood that the United States is making strong representations to have United States corn given free entry into Canada;
>
> And whereas the present tariff of twenty cents a bushel against corn from all sources except South Africa is acknowledged to be a very high protection considering the size of the industry to be protected, and the comparative size of the corn consuming industry;
>
> And whereas the cereal and corn starch industries enjoy the privilege of duty free corn as raw material and at the same time a very high protection on their finished product;
>
> And whereas a considerable percentage of the total volume of corn imported free of duty by these industries is sold as offal for feed in a protected market, thus giving those industries a very unfair advantage;
>
> And whereas the present situation with a tariff operative only when the Union of South Africa has no corn for export, has not been satisfactory in that the situation is very unstable and has made market conditions difficult to predict;
>
> And whereas this uncertain situation has a disturbing effect on all grain markets throughout Canada;
>
> And whereas if United States corn were given entirely free entry, a very valuable market in eastern Canada for western Canadian feed grain would be largely lost to cheap American corn, in years when United States has a large crop;
>
> And whereas the distilling industry is known to be very profitable and could well afford to pay a slightly larger duty on the corn they have to import;

Therefore be it resolved that the government be asked to place a stable duty of 10 cents a bushel against all corn entering Canada for all purposes and from all sources.

That is signed by the president of the Essex county farm bureau, a representative of the elevator association. I might add that the Essex county farm bureau is a representative organization, non-political, and one of the members of that organization, at the last Conservative convention held in Kingsville a short time ago, was a proposed Conservative candidate to contest the next federal election.

Mr. BARBER: I am pleased to note that some hon. gentlemen opposite are still advocating protection. Referring to the corn question, I am sure the poultry-raisers in the Fraser valley appreciate anything that is done to decrease the cost of feed, but looking over this agreement I think they will decide any reductions made are not sufficient to compensate them for the reduction in the duty from 10 to 5 cents a dozen on eggs coming from the south.

Mr. DUNNING: I do not know anything about the political complexion of the gentleman who prepared the resolution presented by the hon. member for Essex South, and I care nothing about it. But it is quite evident that the association gave a very broad-gauge study to the corn question, and that is all to their credit because that is the corn-producing section of Canada. The reasoning they have expressed was the reasoning which guided the government in reaching the conclusion it did on corn.

Item agreed to.

Customs tariff—56. Oats, 8 cents per bushel.

Mr. TUSTIN: Would the minister tell us what is the duty on oats coming in from the United States, and also give the imports and exports?

Mr. DUNNING: Under the new agreement the rate is 8 cents per bushel, formerly 16 cents.

Mr. MOORE: What does the 8 cent rate represent ad valorem?

Mr. DUNNING: In 1936-37 the intermediate Canadian rate of nine cents a bushel was equivalent to 32 per cent on imports from the United States, and in 1937-38, it was equivalent to 26 per cent. The fluctuation in the price of the article from year to year changes, of course, the ad valorem incidence. That was under a nine cent rate; the new rate is eight cents.

Mr. MOORE: What would be the ad valorem rate at to-day's price?

[Mr. S. M. Clark.]

Mr. DUNNING: I could not say; I do not know what to-day's price is.

Mr. PERLEY: Thirteen cents.

Mr. DONNELLY: What are the imports and exports of oats as between Canada and the United States?

Mr. DUNNING: From the United States, and here again drought conditions have caused fluctuations in various years, we imported in 1936, 941,000 bushels; in 1937, 341,000 bushels; in 1938, 8,359,000 bushels. We exported to the United States in 1936, 787,000 bushels; 1937, 287,000 bushels; 1938, 526,000 bushels.

Mr. MOORE: I am told that the ad valorem rate on oats is well over 50 per cent.

Mr. DUNNING: At the present time?

Mr. ROSS (Moose Jaw): Suppose it is; it is not of very much use to the farmer in Canada at any time, and it would be to the advantage of the farmer in Canada if you cut the duty off altogether, both ways.

Item agreed to.

Customs tariff—57. Oatmeal and rolled oats, 50 cents per 100 pounds.

Item agreed to.

Customs tariff—63. Rice, cleaned, when in packages weighing two pounds, each, or less, the weight of such packages to be included in the weight for duty, 70 cents per 100 pounds.

Item agreed to.

Customs tariff—71a. Timothy seed, one cent per pound.

Item agreed to.

Customs tariff—ex 73. Broom corn seed, when in packages weighing more than one pound each, free.

Item agreed to.

Customs tariff—74. Seeds, as hereunder, when in packages weighing more than one pound each:

(i) Parsley and parsnip, 2 cents per pound;

(ii) Beet, not including sugar beet, 3 cents per pound;

(iii) Mangel and turnip, 4 cents per pound.

Item agreed to.

Customs tariff—75. Seeds, as hereunder, when in packages weighing more than one pound each:

(i) Radish, leek, lettuce, carrot, borecole or kale, 3 cents per pound;

(ii) Cabbage and cucumber, 5 cents per pound.

Item agreed to.

Customs tariff—76. Seeds, as hereunder, when in packages weighing more than one pound each:

(i) Tomato and pepper, 10 cents per pound;
(ii) Cauliflower, 15 cents per pound;
(iii) Onion, 20 cents per pound.

Item agreed to.

Customs tariff—76a. Root, garden and other seeds, n.o.p., when in packages weighing more than one pound each, 5 cents per pound.

Item agreed to.

Customs tariff—76b. Seeds, viz: Field, root, garden and other seeds, when in packages weighing one pound each, or less, 25 per cent.

Item agreed to.

Customs tariff—79b. Flowers and foliage, natural, cut, whether in designs or bouquets or not, n.o.p., 25 per cent.

Mr. GRAYDON: Before this item carries perhaps I should make a brief observation with regard to the reduction in the tariff on that old familiar item in which the hon. member for Ontario (Mr. Moore) used to take a keen interest, namely, cut flowers. I dealt with this at some length in the debate on the resolution, and I have no desire to hold up the committee, but I should like to point out that a reduction in the duty from 40 per cent to 25 per cent, a difference of 15 per cent, will make, I firmly believe, a considerable difference so far as the prosperity of the cut flower growers is concerned. True, the disposition of the growers to await the results of the workings of the agreement is a reasonable one, and is, I think, the only sensible view to take.

Mr. DUNNING: I have found them very reasonable.

Mr. GRAYDON: However, as representing the constituency in Canada where cut flower growing is perhaps most prevalent, I feel I should not let this opportunity pass without protesting against the reduction of 15 per cent in the duty. The reduction under the budget of 1930 left the duty at 40 per cent. Of course a countervailing provision with regard to the United States tariff was incorporated at that time. In the agreement of 1936 the duty was taken off entirely, but it was put on again in the budget of the same year. It is noteworthy that the budget of 1936 raised the duty again to 40 per cent. I should like to say this to the minister, not by way of carping criticism but as a suggestion: In 1930 and in 1936, the same government and the same minister decided that it was necessary to have a duty of 40 per cent. I submit that nothing has happened in the meantime to improve the industry to such a degree that the reduction now proposed should be put into effect.

Mr. DUNNING: May I say at once that whatever decision I may have made nine or ten years ago on a particular item, particularly one so difficult as this, and which brought me a lot of good-humoured chaffing from hon. members opposite, not only in the house but during the subsequent election, I do appreciate the importance of this industry. After all, the industry produced last year two million dollars' worth of goods. It is, within limits, a legitimate industry. There are certain limits beyond which in a climate such as this it is obviously not economical, but within the limits in which it is now being operated by Canadians who are interested in it I believe it to be worth while, as I did then.

Last year our total importations from the United States were of the value of $152,000, while our total production was, as I said, approximately $2,000,000; and we exported to the United States $21,000 worth. That was against a duty entering the United States of 40 per cent. Under the new treaty the rate is 25 per cent each way, and I am frankly hoping, although one cannot be certain in connection with such a product, that the tremendously larger size of the United States market and its proximity to a considerable part of our industry will enable our growers to profit through the reduction in the United States rate at least as greatly and I hope more so than the United States grower will profit by the reduction of our rate to 25 per cent. After all there is a tremendous market in the United States immediately adjacent to our border, and our industry is close to the border. It is true that the facilities for producing this class of goods are much greater in the United States than they are here, and it is a very difficult matter upon which to arrive at definite and positive conclusions. As my hon. friend points out, the industry is anxiously awaiting the working out of the new rate of 25 per cent each way.

Item agreed to.

Customs tariff—82. ex (e) Nut trees, including grafted stock, and buds and scions for grafting nut trees, free.

Item agreed to.

Customs tariff—83. Potatoes, as hereunder defined:

(a) In their natural state:
August 1 to June 14, inclusive, free.
June 15 to July 31, inclusive, 37½ cents per 100 pounds.

(c) Sweet potatoes and yams, in their natural state, free.

Mr. STEVENS: It is a good day to discuss potatoes.

Mr. STIRLING: Mr. Chairman, this is an item which I am afraid will fall rather heavily on production in British Columbia. I understand that the production of that province is in the neighbourhood of 40,000 tons, of which rather more than half is consumed in the coast markets, and the balance, with the exception of some 100 or 150 cars which find their way eastward across the mountains, is consumed in British Columbia, a market in which our growers have received a reasonable price consequent upon a tariff of $15 a ton on potatoes coming in from the south. Now they appear to think that the inroads which will be made by potatoes from the south will be very considerable. Federal assistance in various forms which is given to producers in the south has so far had the tendency, in almost all the commodities to which it applies, to increase the acreage, and California potatoes, for instance, are at the top of their peak. There will definitely be a tendency for these potatoes to come into the British Columbia and Alberta and Saskatchewan markets, which of course will not be an assistance to the British Columbia producers.

There have been a great many resolutions on the subject, and I am not going to bother the minister at this time with sheets of them. I know representations have been made by the British Columbia coast marketing board to the Minister of National Defence, and representations no doubt were made by him to the government. But in this regard I want to put two short resolutions on *Hansard*. One is from the British Columbia coast vegetable marketing board:

Whereas the time limit for potatoes entering Canada on payment of duty is from June 15 to July 31 of each year;

And whereas this time limit will be of no value to the growers of early potatoes in the coast area of British Columbia;

Be it therefore resolved that recommendations be made that this time limit shall be from the 25th dav of May to the 15th day of July in each year.

They want the period drawn forward. In British Columbia there are what might almost be called two early crops. The period mentioned in the agreement is rather too late for the first and too early for the second, and the producers consider that they will be in grave difficulty consequent on the long free period. All through their resolutions and statements one finds the idea that in their opinion this should have been looked upon as a matter in which the countervailing principle should be adopted.

[Mr. Dunning.]

The second resolution I want to read is as follows:

Whereas the Canada-United States treaty signed at Washington on November 17, 1938, appears very detrimental to the potato growers of British Columbia;

And whereas potatoes being shipped into Canada are duty free except for the period from June 15 to July 31 while potatoes from Canada entering the United States must pay duty of from $7.50 to $12 a ton;

And whereas this discriminates very unfairly against British Columbia growers;

Therefore be it resolved that the executive of this association protest most vigorously against this discrimination and request that arrangements between the two countries should be reciprocal, and if no protection can be given the duty should be countervailing; and further demand that regulations regarding grading and freedom from disease be strictly enforced on all importations.

So that the growers of potatoes in British Columbia are afraid that this is going to be a serious blow to them, and they do not see that the government of Canada has made any provision whatsoever to take care of dumping, which they look upon as almost inevitable.

They further draw attention to the fact that the United Kingdom, in its arrangements with the United States, has taken precautions should such a difficulty arise. Here I should like to read a quotation from the journal of the ministry of agriculture of the United Kingdom, of December, 1938:

A comprehensive trade agreement between the United States and the United Kingdom was signed on November 17, 1938. The surrender of advantages at present enjoyed by agriculture in the United Kingdom is not of a very serious nature. Among the general provisions of the agreement there are clauses that enable action to be taken to impose additional duties if any scheduled products are dumped or are subsidized upon exportation, and there are other clauses which provide freedom of action for the institution of quantitative regulation of or other measures operating under government authority which are designed to control production, market supply, quality or price of the domestic article.

Can the minister give any hope to these growers that in the event of dumping, since the duty has been entirely removed with the exception of a period of six weeks when in their opinion it will not help them, there is anything the Canadian government can do to relieve the situation?

Mr. DUNNING: The ordinary dumping provisions of the Canadian customs law will of course apply in the case of any dumping from anywhere. I am not aware of there being anything in the British law which protects the grower there with respect to dumping, or in the United States either for that matter.

The potato question generally illustrates what a difficult country Canada is to govern. In the maritimes, particularly in Prince Edward Island and I think in New Brunswick, potatoes are one of the principal money crops. The production of potatoes for export is a means of livelihood for a very large proportion of the people of those two provinces, not to speak of parts of Nova Scotia and certain sections of Ontario and Quebec. In working out this very difficult matter, and trying to get the maximum advantage for those who must export, we endeavoured to see to it that the productive months in Canada should be safeguarded to the utmost extent. I have before me a careful review of the imports of potatoes into Canada from the United States during the last eight years. During that period the average of the imports would be in the neighbourhood of 160,000 hundredweight annually. An average of 78 per cent of the potatoes imported came in during the months of June and July, running as high in some years as 87 per cent of the total. My hon. friend can assure the people for whom he speaks that their concern in this matter was in the minds of those who were negotiating for Canada and in the mind of the government; every effort was made to reduce to the minimum the danger to them without surrendering the tremendous advantage to the potato growers, who rely on potatoes as their chief source of livelihood, of getting a larger market in the United States for their product.

Mr. CLARK (Essex): Knowing that the hon. member for Yale (Mr. Stirling) is always fair in any of his representations, let me point out that there is one thing that he did not mention. I believe that the new regulation prohibiting the import of No. 2 potatoes will greatly help his district as well as other early potato-growing districts. I understand that approximately seventy per cent of our imports were No. 2 potatoes, so that this new regulation, one might say, will give an added protection, although not appearing in the tariff, of 50 cents a hundredweight.

Mr. STIRLING: I did refer to that in the second resolution that I read.

Mr. NEILL: I must support the hon. member for Yale (Mr. Stirling) in his remarks. I have had numbers of resolutions similar to those to which he has alluded; the spirit of them is practically the same. The growers in British Columbia fear that they will suffer owing to the conditions mentioned by the hon. member for Yale. In addition to the production mentioned from California there is a very fertile belt in the state of Washington, I think, the Yakima valley. There they can grow potatoes in abundance under very favourable conditions; they can put them on a truck and run them into the Vancouver market at minimum expense, and it pays them to dump their potatoes at almost any price in order to maintain their home market where they make the great bulk of their sales. The hon. member for Essex South (Mr. Clark) referred to the fact that now the potatoes imported will have to be above No. 2 grade. But that is only a question of running them over a sieve before they are sacked, a very simple matter—I do not think that will prevent the influx.

The potato growers I represent have asked for a countervailing duty or else the operation of the dumping clause. I fully appreciate the remarks of the Minister of Finance when he says that this is a hard country to govern, and conditions which may be very favourable and desirable for those in the eastern part of Canada work unfavourably to us in the west. I suppose it is a matter of the greatest good to the greatest number.

I have heard the argument put forward in response to the objections of our potato growers that we are getting great benefit from the increased sale of seed potatoes to the United States. That again is a matter which concerns the east; for us in the west our sales to the United States of seed potatoes are comparatively unimportant. We do not get any great advantage from that. I thought at one time I read something in the treaty of a provision that under certain conditions, possibly at the end of a year, if it were found that any particular item worked unfairly to any particular section of the public, the minister could initiate negotiations with the other country to attempt to make an adjustment. I hope there is something of the kind, although perhaps it is more for cases in which it is found that the arrangement works too favourably to some other third country rather than directly against our interests.

I do hope the minister will explore every possible avenue along those lines, because I am afraid this is going to affect our potato industry pretty seriously. Possibly that will not be the case this year, because there is a shortage in the United States; but in years to come, with this opportunity of bringing their surplus to Vancouver, I am pretty certain there will be a very heavy importation.

Mr. TAYLOR (Nanaimo): Mr. Chairman, I align myself with the hon. member for Yale and the hon. member for Comox-Alberni in what they have said about the British Columbia situation.

Mr. DUNNING: That makes a formidable triumvirate.

Mr. TAYLOR (Nanaimo): I have also received many requests and resolutions, which lead me to ask how the minister arrived at these dates, and whether they are in any sense movable.

Mr. DUNNING: No.

Mr. TAYLOR (Nanaimo): Then were they arrived at after due consideration of the situation in the west as well as in the east? Obviously to fix one date to cover both east and west would be scarcely fair. I think you will find that the seasons in the west are warmer than they are in the east; and if a rigid date is set to cover the whole country it is bound to work against the western provinces beyond a certain meridian line. I believe that is worth considering and taking into account when these questions are being discussed.

Mr. DUNNING: It was considered.

Mr. ROSS (St. Paul's): There is a fairly large reduction under this item. On the one hand potatoes coming in during a certain period are on the free list, while from June 15 to July 31 the duty is 37½ cents per hundred pounds.

When these treaties were negotiated it was stated all over the country that they were designed to further world appeasement, and most of the people understood that we had to do everything that was done; we had to reduce all these duties, we had to take off the excise tax and we had to make these further treaties with the other thirty-eight countries involved in order that Great Britain might be able to consummate its treaty with the United States. Speaking in the house on the resolution I said:

> In his statements the Prime Minister has said that we have gone no farther in making these sweeping reductions in our tariffs and in making the sacrifice of our preference in the British market than has been absolutely necessary to bring about the consummation of the treaties—

That was in the evening. Continuing on the following day I said:

> But what hon. members of this house and the people of Canada should know before they can properly judge the merits or demerits of the new treaty is just what sacrifices we were asked to make or it was necessary for us to make.

Some hon. MEMBERS: Order; we heard that before.

The CHAIRMAN: I want to remind the hon. member that we are on the item of potatoes.

Mr. ROSS (St. Paul's): I will come to that in a moment; I am going to ask a question about it, but I must lead up to it. The Prime Minister replied as follows:

> Before my friend continues may I relieve his mind at once by saying that all concessions that were granted were requested and were necessary in order to enable the agreement between the United Kingdom and the United States to be concluded. But with respect to concessions made, there were as far as we were concerned compensations effected in the agreements which we have either with the United Kingdom or with the United States.

The question I wish to ask on this item is simply this: Were we requested by the government of Great Britain to make this reduction? Were we requested to put potatoes on the free list for a certain length of time, or were we requested to make any change at all?

Mr. DUNNING: No, Mr. Chairman; this item had nothing whatever to do with Great Britain. The negotiations with respect to potatoes were carried on in what we believed to be the interests of Canada, and I am quite sure that the interests of Canada will be well served by the arrangements which have been made both ways; that is, considering the concessions we get in the United States market for our products and this comparatively minor concession which was given to them in order to make possible what was very much more important and valuable to us.

Mr. ROSS (St. Paul's): Then this reduction was not requested by Great Britain?

Mr. DUNNING: No. That had nothing at all to do with it.

Mr. ROSS (St. Paul's): Therefore the reduction on this particular item had nothing to do with the making of these treaties from the point of view of world appeasement. That is my point.

Mr. DUNNING: I would not accept that statement, Mr. Chairman. I am inclined to think that any mutual lowering of duties does have its weight in promoting goodwill.

Mr. LENNARD: Notwithstanding the argument of the hon. member for Essex South, I say this reduction will seriously affect the potato growers of Ontario. The reduction in duty which will apply from June 15 to July 31 in itself will affect the growers of central Ontario, because it means that these potatoes from the southern states—and from the northern states as well, because they are several weeks earlier than we are—will be brought in prior to June 15 in such quantities that the market will be practically glutted, so that potatoes will sell at such low prices that our growers will not get the profit they should receive.

Mr. CLARK (Essex): The hon. member for Wentworth forgets that at that time of the year new potatoes do not keep for any length of time. I am sure that by the time the earliest potatoes in western Ontario are ready for the market the United States potatoes will be gone.

Mr. DUNNING: Perhaps my hon. friend from Wentworth did not hear the information I gave a few moments ago, when I said that in dealing with this matter we very carefully worked out the monthly importations into Canada over a period of years. We found that over a period of eight years an average of 78 per cent of the total importations came in during the two months which are covered by the duty I have mentioned. Indeed in some years the proportion went as high as 87 per cent, and it never dropped below 70 per cent. So it does not look as though there could be very much interference with the marketing of early potatoes produced in Canada.

Mr. LENNARD: My point was that a specified date when the duty will apply will mean that an effort will be made to increase importations just prior to that date. While I am on the subject I should like to direct the attention of the hon. member for Essex South to a question which I asked in this house several weeks ago, and which was ruled out of order. I stated that it had been brought to my attention that Texas beets, cabbages and carrots—I am not on the item now, but I might as well mention this in passing—

Mr. DUNNING: We will come to cabbages, carrots, beets and so on in a moment.

The CHAIRMAN: I would ask the hon. member to wait until we get to the appropriate item.

Mr. LENNARD: My point is that subsidized shipments of United States vegetables are being carried at a cheaper rate than our vegetables shipped from corresponding Canadian points.

The CHAIRMAN: The hon. member is out of order. He will have full opportunity to discuss that question under item 87.

Mr. HYNDMAN: What is the United States duty against us?

Mr. DUNNING: It depends on the quality and the time. From March to November inclusive it is 37½ cents. Formerly it was 75 cents. From the first of December to the last day of the following February it is 60 cents per one hundred pounds.

Mr. BROOKS: Under the regulations are grade 1 potatoes the only ones allowed to come from the United States into Canada?

Mr. DUNNING: The Minister of Agriculture is not here, but that is my understanding.

Mr. O'NEILL: The potato growers of British Columbia definitely fear that they will be injured by this agreement. I have received numerous resolutions from them to that effect. When will there be an opportunity to review this treaty and to straighten out any injustices that may appear from time to time as the agreement operates? To-day the potato growers fear this agreement, but they may find after it is in operation that they are not so badly injured as they now think they will be. If they do find however that their interests are affected to a greater extent than they had feared, will there be an opportunity to review the treaty?

Mr. DUNNING: The treaty lasts for three years. Under its provisions there are certain bases set out for mutual consideration. The reason mentioned by the hon. member is not one that is included in the treaty. I would say to him however that our relations with the United States are very friendly and we have reason to believe that fair consideration would be given any representations we might make as to any grave injustice. We on our part would have to be prepared to give similar consideration to any representations made by them on the ground of serious injustice to any classes of their people. I do not therefore expect that there are likely to be approaches of that kind made by either country. I sincerely trust that my hon. friend will find that the people are not as adversely affected as they at present fear they may be. That has always been my experience in matters of this kind; there is a great deal more fear prior to the event than is subsequently justified.

Mr. STIRLING: In these negotiations, was notice taken of the regional application of the dates?

Mr. DUNNING: Yes, but it is virtually impossible to work it out. Succeeding governments have tried to work it out, with very little success.

Mr. LOCKHART: This is about the first item in connection with which we might ask the minister to make a brief statement indicating why the reduced limits and the seasonal limits were placed on a number of items which will follow one after another. The in-season periods have been reduced and set

dates established. Can the minister give any general indication as to why that was found necessary? It more or less affects the next fifteen or twenty items. He might make a statement with regard to the in-season periods and the set limitations of time.

Mr. DUNNING: The considerations vary of course with the items. They do necessarily. An effort was made to see to it that the period of flush production of our own industry should be injured as little as possible, while at the same time making available to Canadian consumers of the commodity, in other than flush seasons of Canadian production, vegetables at reasonable prices. Perhaps however I had better discuss them as I come to them, because that is an old and fruitful subject of discussion in this house. As I say, succeeding governments have endeavoured to meet it in various ways. As hon. members who tease me occasionally know, I have made several efforts to meet this situation, with more or less success; and the principle now applied has worked rather more successfully than any other that has been applied. There will always be a demand for enlargement of the period from some producers somewhere, and there will always be a demand from consumers for the reduction of that period in order that they may be able to buy the vegetables as cheaply as possible. What has been worked out represents the best compromise between these various interests which it has been possible to arrange. However, I will deal with each one separately as we come to it.

Mr. BARBER: Perhaps the minister would tell us now how this period of forty-five days was arrived at, taking into consideration the different parts of Canada?

Mr. DUNNING: I gave information with respect to imports into Canada. Unfortunately it is not possible to find out accurately over a period what quantities of potatoes come in at a particular port of entry destined for consumption within a particular area. We had of necessity to take account of total importations, and as I pointed out, when we found that seventy-eight per cent of the total importations over a period of eight years came in during the months of June and July, it was obvious that that was the period that required to be attended to. Does my hon. friend follow me?

Mr. BARBER: Yes, but there is a point to be noted there. The trouble with the in-season period, and particularly with potatoes, a commodity that can be stored, is that there should be a protective period prior to the actual date, because hundreds of tons can be stored.

Mr. DUNNING: Not very well. I am advised that that is not so as regards early potatoes.

Mr. BARBER: They can be stored for three or four weeks. With cold storage they can be stored a much longer time.

Mr. DUNNING: It costs money.

Mr. BARBER: The question is, why was this not made ninety days instead of forty-five. Who would object?

Mr. DUNNING: There were other parties to these negotiations. We were not making the whole agreement.

Mr. BARBER: But apparently we did not get very much.

Mr. DUNNING: My hon. friend is not stating the fact.

Item agreed to.

Customs tariff—84. Onions, in their natural state:
(a) Onion sets and shallots, 30 per cent;
*(b) Onions, n.o.p., 30 per cent, (½ cent per pound).

Mr. LOCKHART: Why was there no change in this item?

Mr. DUNNING: I am not clear as to the question. I can usually answer intelligently as to why there is a change, but I find it difficult to say why there is no change.

Mr. LOCKHART: On all other items there has been a definite change, different reductions on different items.

Mr. DUNNING: Now I understand the question.

Mr. LOCKHART: It would appear that this item remains the same, and I was just wondering why.

Mr. DUNNING: My hon. friend will find many items in the schedule where no change takes place. They are here because we undertook that there should be no increase during the period of the treaty.

Mr. MARSHALL: Is there not a change with respect to the half cent per pound?

Mr. DUNNING: There is no change at all on onions.

Mr. MARSHALL: I thought it was three-quarters of a cent per pound previously.

Mr. DUNNING: There is no change.

Mr. McLEAN (Melfort): There will be a change in the 3 per cent tax.

Mr. DUNNING: Yes, my hon. friend is right; there is a decrease from three-fifths of a cent to one-half cent.

Mr. MARSHALL: Is it not a reduction from three-quarters of a cent to one-half?

Mr. DUNNING: No, from three-fifths of a cent to one-half cent.

Mr. GRAYDON: Having in mind the fact that onions appear to be the only vegetable where no change has been made with respect to the ad valorem duty—

Mr. DUNNING: Is an onion a vegetable? Let us settle that first.

Mr. GRAYDON: Having in mind also that we have a famous onion grower in the county of Elgin in western Ontario, would it be reasonable to suggest that perhaps the Prime Minister (Mr. Mackenzie King) is extending his policy of appeasement from international matters to domestic affairs?

Mr. CLARK (Essex): I hope the hon. member for Peel (Mr. Graydon) does not discount the fact that a lot of onions are grown in my constituency, and possibly I would have some representations to make.

Mr. McGREGOR: I realize that this trade agreement has been agreed to, and that although we may talk here for days and weeks, it will make no difference. I submit that the growers of vegetables as a whole have suffered more than any other class of the people, and I believe that statement will be borne out by what happens in the near future. Roughly speaking, the duties on vegetables have been reduced from 30 per cent in 1935 to 10 per cent at the present time. I believe it would save a lot of questions if the minister would place on the record the imports and exports of the different items from No. 83 to No. 96 inclusive, as well as the rates of duty that apply on these commodities entering the United States.

Mr. DUNNING: I shall do that as we reach each item, if it is the wish of the committee.

Item agreed to.

Customs tariff—ex 85. *Mushrooms, fresh, 10 per cent; (2 cents per lb.).

Mr. ROSS (St. Paul's): This item is reduced to 10 per cent. I should like to know if the reduced rate is to apply to France. The mushroom growers are having a little difficulty at present because of the depreciated franc, and this would seem to be an added reduction in the duty.

Mr. DUNNING: If France can ship fresh mushrooms to Canada, she will benefit under this item.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:

*(a) Asparagus, 10 per cent; (4 cents per pound: 10 weeks).

Mr. GRAYDON: Under this item we will be discussing various vegetables. I dealt with this item when speaking to the resolution and I have no intention of repeating my remarks at this time. However, I should like to make this serious suggestion to the minister. One of the complaints, among others, of the vegetable growers of Ontario is that there is likely to be a conflict between the early and late growers of vegetables. No doubt the minister is well versed on this matter, because I believe he has received representations from many sources. Would it be possible to split the periods during which the added values are to be applied? Could these periods be split so that protection would be given, not only to the early grower but to the late grower as well, and avoid any conflict or confusion in the industry? I consider this a constructive suggestion; I believe it would alleviate some of the conditions which now affect this industry.

Mr. DUNNING: My hon. friend will have noticed that the split period is introduced here for the first time in connection with some of these commodities. I can state frankly that this is experimental. We felt that experience had demonstrated that with respect to certain storage items the split period would be more beneficial to the home grower. This principle has not been applied to any of the non-storage items. While the treaty is settled and we cannot say that this or that can be done after it is passed, I am quite prepared to watch things this year with the idea of discussing with the United States the splitting of other periods if experience demonstrates the wisdom of so doing. I should not like to be arbitrary about this. I once came to this house with a plan in connection with fruits and vegetables and the hon. member for Kootenay East (Mr. Stevens) and others who were here at that time will remember that it seemed a grand scheme until it got before the house. Subsequently I was compelled to do what no minister of finance likes to do, that is, to ask the house to accept an amendment of my own proposals. Ministers of finance have to do that sometimes, but they do not enjoy it. I think I can say that the new scheme I proposed did not work out any better than the previous one was expected to.

Mr. STIRLING: It surely did.

Mr. DUNNING: I am glad to have that much support, at any rate, because, as my hon. friend knows, I was the subject of a lot of abuse. From that time in 1930, when I

endeavoured to deal with the problem in that manner, until to-day, the governments which have been in office have I believe made fair efforts to work this out—I may disagree with them as far as some of the rates are concerned —and I believe we more closely approached the interests of the growers with every step we took. But I do suggest that we must go very carefully. As I said to the hon. member for Peel, if the benefits of the split periods now applied to some commodities become apparently beneficial to others we will consider it one of the things that we should talk about, at any rate, to the United States. I shall be very glad to watch things and do everything possible to avoid harmful results.

Mr. GRAYDON: In other words, the door is not definitely closed so far as further negotiations are concerned?

Mr. DUNNING: So far as the treaty is concerned, yes, the door is closed. This is a treaty and we cannot say that we are going to change this or change that. However, this is one of the matters which I think lends itself to possible future negotiation. It would not constitute a change in the rate or in the period; it would merely be a question of the desirability of splitting the period. It is something which might be done on occasion with possible advantage to both countries.

Mr. WOOD: It is refreshing to hear the minister make such an excellent defence of this treaty and state his intention to apply the tariff in a practical way. I happen to come from a constituency where there is a considerable amount of vegetable growing. When the hon. member for Peel (Mr. Graydon), the hon. member for Wentworth (Mr. Lennard) complain of many of these tariff items it is no doubt because many of their vegetable growers are producing on land that at one time was valued at several thousand dollars an acre. But the advent of the motor truck has pushed the growing of vegetables back into the more remote districts, so that vegetables are grown to-day on land that is worth only fifty dollars an acre. I remember hearing an old sage make the remark that there was no land under the sun that was used for growing food that was worth more than fifty dollars an acre. When you attempt to make the growing of fruits and vegetables profitable on land of such high value as it is in the fruit-growing sections of the constituency of the hon. member for Wentworth, you are trying to do something that is fundamentally unsound. It is asking the tariff to make corrections that are impossible. There are certain fundamental facts and laws of nature that cannot be corrected by tariffs, and I sometimes think that vegetable growers, particularly those producing on very expensive land, expect too much.

I believe a review of the production of vegetables would show that the production in Ontario is very much larger than it was a few years ago, and that is largely due to the fact that more vegetables are grown in the remote districts where it is more economical to produce. That is the reason for the difficulties of many of the organized vegetable growers,—the competition they have to meet from the more remote districts. In the community in which I live the land is excellent. It lies in the valley of the Grand river and the soil is very fertile. Our farmers are good farmers. They keep a lot of cattle, so that no difficulty is found in increasing the fertility of ten acres of land. On that ten acres of land they will possibly grow more vegetables than all the gardeners around the city of Brantford, where the land is inferior and they have not the ordinary manure to make the land as productive as a farmer can who has a stable full of cattle.

I think some hon. gentlemen opposite are expecting the tariff to do the impossible. They are trying to hold up the value of the land in Wentworth and grow food on it, but if they are going to have a tariff to protect food grown on that high-valued land, it will mean an increased cost to the consumer.

Mr. CLARK (Essex): I disagree somewhat with my hon. friend from Brant (Mr. Wood). In the first place the tariff as applied to vegetables is not added to the cost of the vegetables. The tariff is to prevent dumping; it is for protection only.

Mr. ROSS (Moose Jaw): Where? Speak for yourself.

Mr. CLARK (Essex): It is in Ontario. Now that these items are under discussion, I should like to express my appreciation of the excellent timing which the Minister of National Revenue, with the assistance of the Minister of Agriculture, did in the application of the seasonal duties. A protection of a thousand per cent would not help if it were not timed correctly. Proper timing is essential in the application of these duties. I think the hon. member for Peel will agree with me up to that point.

Mr. GRAYDON: He will, up to that point.

Mr. CLARK (Essex): The Minister of National Revenue is to be complimented on the wonderful job he has done in the past three years.

Mr. GRAYDON: I am directly opposed to the argument of the hon. member for Brant (Mr. Wood). In many instances we do agree, but in this particular instance we are somewhat apart. First of all he entirely disregards climatic conditions. There are certain parts of Ontario particularly, close to large bodies of water, where the temperature and the climatic conditions are more adapted to the growing of fruits and vegetables than other parts, and when he makes a statement that we are in the more valuable parts, as he puts it, of Ontario, are vainly attempting to compete in the growing of vegetables, he is entirely away from the point. If his argument were sound it would apply equally to our milk business, and to other branches of farming. I am sure the hon. member for Brant would be the last to suggest that the county of Peel should turn to some other enterprise than farming; for when he wants to purchase a good Holstein cow he comes to the county of Peel, and has done so more than once. That is perhaps the best recommendation a man can give; for actions speak louder than words.

Supporting the hon. member for Essex South (Mr. Clark) I would say that too many people have the idea that a high tariff on vegetables at certain periods of the year raises the price to the consumer. Nothing could be further from the fact. All you have to do is to go into the fruit and vegetable markets of this country to find out what a low price our fruit and vegetable men are getting for their products at all seasons of the year. The tariff is merely for the purpose of protecting our market so that our people can sell at all. It is to stop the dumping of surplus United States products on our markets which would compete unfairly with our own production. If those who object to these tariffs would only study the situation, they would find that the tariff on fruits and vegetables has not raised prices in any way whatsoever to the consumer in Canada.

Mr. ROSS (Moose Jaw): In reply to the hon. member for Peel (Mr. Graydon) like many other members of the house he sets the boundaries of Canada within a very small distance of King and Yonge streets. Anybody who says that the tariff on fruits and vegetables does not raise the price is wrong. There may be sections of Canada where the tariff does not make a great difference because of heavy production—

Mr. SPENCE: Do you call ten per cent a high tariff on vegetables? Would that make any real difference in the price?

Mr. ROSS (Moose Jaw): When you add the cost of bringing the vegetables into my part of the country it does make a difference. I am not thinking of one particular section of the dominion only; but when a member stands up and says that the tariff does not raise the price to the consumer, I say he is wrong, because in many parts of Canada it does raise the price to the consumer, and very substantially in the part from which I come.

Mr. DUNNING: Mr. Chairman, I know this is the seventeenth of March, but after all, the item we are on is asparagus. Now that both views have been so eloquently expressed I wonder if we might just deal with the subject of the item.

Mr. SPENCE: We had better take them all together.

Mr. DUNNING: I would willingly take them together, but one of the hon. members opposite asked that I would put on *Hansard* in connection with each of them the imports for last year. Perhaps I may be permitted to do so now with respect to asparagus. Giving round figures, $96,000 worth of asparagus was imported last year.

Mr. LANDERYOU: How much did the unemployed eat?

Mr. SPENCE: I must say that I endorse what the hon. member for Peel has said. I also endorse what the hon. member for York East (Mr. McGregor) has said, that this is law to-day, it is passed, and we are losing a lot of time discussing it. I do not see how we can remedy it, but anyone knows that ten per cent on a very cheap commodity bought in the United States does not raise the price here at all. We used to have a duty of 30 per cent, but even that was insignificant and did not give much protection, particularly to vegetable growers. They are the hardest hit of the lot. They have got practically nothing for the last three or four years; they are pushed around every place.

Mr. ROSS (Moose Jaw): My hon. friend must admit it is not ten per cent part of the time.

Mr. SPENCE: For ten weeks the duty is put on a certain commodity, say asparagus. Is that what it means? It is a seasonal tariff?

Mr. DUNNING: Yes.

Mr. SPENCE: Reference has been made to fruits or vegetables coming in at different times in different parts of the country. Take Leamington, for instance, around Windsor, and in that district, the vegetables come in practically two weeks sooner than they do elsewhere. It is a pity that there cannot be some kind of zoning system for applying this seasonal tariff, because the provision will be

practically of no use to the people of the district in which the hon. member for York East lives. It may give some protection to the people in the Niagara peninsula, about half what they should get, because in Windsor and vicinity the stuff comes in sooner. A great deal depends upon the time you put on your seasonal tariff. However, I cannot see how you can help the growers at all. You have the law; the conditions are laid down, including the number of weeks in which the seasonal tariff can apply, and you cannot extend that period. But perhaps you can change the dates so as to make the provision more suitable to the different areas affected, having in mind the fact in some parts this stuff comes in earlier than in others. But somebody is going to suffer no matter how you adjust a thing of this kind. The only hope is for the Minister of Finance to have the biggest heart possible to help these poor devils, because the vegetable people will absolutely starve this year. They have been in that position for three years.

The CHAIRMAN: Carried?

Mr. SPENCE: What is carried? What is the idea?

Mr. LENNARD: To prevent repetition and not unnecessarily take up the time of the committee I would just say that I disagree absolutely with the hon. member for Brant (Mr. Wood) and agree with the hon. member for Peel (Mr. Graydon). That is that. I should like, however, on item 87 to repeat that it has been brought to my attention that fresh vegetables from Texas are being subsidized by the United States railways. The United States railway rate on fresh vegetables from Texas has been established on a package weight basis of 34 pounds, although the actual weight is around 60 pounds. That means that the Canadian National Railways is carrying these products from Chicago to Toronto and Montreal on the United States rate. In other words, our nationally-owned railway is carrying Texas products at a rate three-fourths less than the rate on Canadian products from Windsor to Montreal, and it really means that through this set-up the Canadian National Railways is subsidizing Texas products. That alone is a very serious handicap to our growers, and if it is allowed to continue it means that this duty signifies nothing at all.

Mr. DUNNING: I am pleased that the hon. member for Wentworth has put that last point on *Hansard*, because it will enable an examination of it to be made. I need not tell my hon. friend that usually there are two sides to a question, and also that his information may not be complete. We shall be very glad to make a note of the point and to look into it.

Mr. WOOD: The hon. member for Wentworth (Mr. Lennard) and the hon. member for Peel (Mr. Graydon) seemed inclined to read into my remarks a lack of sympathy with these seasonal tariffs. I do not think anything they said has exploded my contention that the opposition has always come from that particular district which contains the owners of this high-priced land. I know the constituency from which the hon. member for Wentworth comes. It would be discourteous on my part to mention the name of any man, but I will just mention one example. The hon. member for Wentworth has in his riding a man who grew last year 35 acres of early potatoes, had them all harvested and marketed on the 25th of June, and then went for a tour down through the southern states and had a mighty good time on the proceeds of his sales; and he made some money as well. I am not objecting to that; it is quite all right, but this particular man came to me and objected very strongly because of certain importations of pears and other commodities. It often happens that most of the objection comes from those who may be the least deserving, people who are living on land valued at two or three thousand dollars an acre. The same consideration applies in the constituency of the hon. member for Peel; there are many people in his riding who are in exactly the same position. I want to correct any intimation which may appear on *Hansard* that I am opposed to seasonal tariffs. By no means. I am interested in a practicable and sensible solution of the question of the administration of this arrangement. But very often we are inclined to see difficulties elsewhere when the fault is our own. When we get into any trouble we analyse everybody but ourselves. We say that the economic system, or the government, or something else is wrong, instead of attempting to analyse our difficulties and trying to solve them. Perhaps that is our greatest trouble.

Mr. DUNNING: Can we now carry asparagus?

Mr. LOCKHART: I gather in a general way that these in-season periods have been established to the best of the ability of the minister? The periods are established and cannot be changed, except possibly by a consideration of splitting a little later on; but the dates are definitely set?

Mr. DUNNING: Yes. My hon. friend is wrong in only one particular. Duration

is established in the treaty,—not dates; the duration of the period in which the special provisions apply as set in the treaty, but not specific dates.

Mr. LOCKHART: Seasonal changes might be taken care of?

Mr. DUNNING: Exactly. That is part of the point of my answer to the hon. member for Peel, that there is that much possible flexibility.

Mr. LOCKHART: That is applicable all down the line?

Mr. DUNNING: Yes.

Mr. McGREGOR: Do I understand that the minister will put on *Hansard* the corresponding United States duty for all the items?

Mr. DUNNING: The United States duty on asparagus is 50 per cent ad valorem; no fixed value. The arrangement of our duty involves during the period in which it applies a very much higher duty than the United States duty. During the remainder of the year the Canadian duty against the United States product is much lower than the United States duty.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:

*(b) beans, green, 10 per cent; (1½ cents per pound: 14 weeks.)

Mr. DUNNING: Importations, $282,000; United States duty, 3½ cents a pound.

Mr. STIRLING: The minister expressed gratification just now that the hon. member had placed on record certain references to payments by the United States federal authorities in assistance to producers. May I add to that a short quotation from the *Northwest Daily Produce News* of Seattle, dated July 20, 1938.

During the ten months' period from July, 1937, to May, 1938, surplus farm products purchased by the government equalled 29,900 cars, the cost of which was $21,287,000 and in addition freight was paid to the extent of $5,438,000, it has been announced by the agricultural adjustment administration.

Mr. DUNNING: Is that for export, or for transport within the United States?

Mr. STIRLING: I understand that they divide their states into two categories, those which they look upon as their normal market for the growing states, and others that are not the normal market. But I cannot tell the minister whether these figures include assistance to exports or not. But here are some of the purchases:

Products were purchased in forty-five states. Distribution was made to an average of more than 2,000,000 needy families a month through state welfare agencies. The largest amounts bought during the ten-month period were: rice, 70,550,000 pounds; dry peas and beans, 59,000,000 pounds; dried prunes, 45,100,000 pounds; fresh apples, 5,600,000 bushels; dried apples, 14,450,000 pounds; oranges and grapefruit, 1,720,000 boxes; cabbage, 10,170,000 pounds; cottonseed oil, 9,780,000 pounds; butter, 8,320,000 pounds; eggs, 8,100,000 dozen; fluid milk, 8,100,000 quarts; dry skim milk, 8,650,000 pounds.

This gives an indication of the assistance that the federal authorities are giving to the producers of these different commodities, the result of which already has been increased production, against which we are fighting. As the minister knows, this whole matter is one to which I have had to pay very close attention over the years. He referred to his efforts in 1930 to please the people whom I represent, and others. Unfortunately, having arrived at a compromise, he has departed from that compromise in the 1938 agreement, for which those whom I represent are sincerely sorry. The Liberal government has accepted in principle the application of values for duty, and as I said in my speech on the second reading, those whom I represent regret that those periods have been cut down.

Does the government intend to continue to use the zoning method of application? Hitherto the country has been divided into three zones—I think I am right?

Mr. DUNNING: Yes.

Mr. STIRLING: The reference the minister made just now to zoning within a province would merely be a modification, if that were possible?

Mr. DUNNING: I do not think it is possible.

Mr. STIRLING: Perhaps not in the opinion of the government. But I wanted to get an assurance from the minister that zoning is still a part of the probable plan.

Mr. DUNNING: Oh, yes.

Mr. STIRLING: He has dealt already with the other point I meant to refer to, namely, the splitting of other periods.

Mr. McNIVEN: Will the minister indicate the area of the zones to which reference has just been made?

Mr. ILSLEY: There are three—the maritime provinces being one, Ontario and Quebec another, and the rest of Canada the third.

Mr. ROSS (Moose Jaw): Would the minister consider splitting the third?

Mr. ILSLEY: Consideration has been given to it a great many times, but so far we cannot see our way clear to do it.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(c) brussels sprouts, 10 per cent.

Mr. DUNNING: Imports are not separately recorded. The United States duty is 50 per cent.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
*(d) cabbage, 10 per cent; (⅘ cent per pound: 26 weeks).

Mr. DUNNING: Imports, $358,000; United States duty, 1½ cents a pound.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
*(e) carrots, 10 per cent; (⅘ cent per pound: 26 weeks).

Mr. DUNNING: Imports, $356,000; United States duty, 25 per cent.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
*beets, n.o.p., 10 per cent; (1 cent per pound: 26 weeks).

Mr. DUNNING: Imports, $55,000; United States duty, 10 per cent.

Item agreed to.

Mr. TUSTIN: Are there any exports of these vegetables?

Mr. DUNNING: Yes, I can give the exports. Our total exports of all these alphabetically listed items last year was $38,000; the year before, $43,000. They are not separately recorded.

Customs tariff—87. Vegetables, fresh, in their natural state:
*(f) cauliflower, 10 per cent; (1½ cents per pound: 20 weeks).

Mr. DUNNING: Imports, $147,000; United States duty, 25 per cent.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
eggplant, free.

Mr. NEEDHAM: Was there a seasonal tariff on eggplant?

Mr. DUNNING: No, and there is not now.

Item agreed to.

[Mr. J. G. Ross.]

Customs tariff—87. Vegetables, fresh, in their natural state:
*(g) celery, 10 per cent; (⅘ cent per pound: 26 weeks).

Mr. DUNNING: Imports, $518,000; United States duty, one cent per pound from April to July; two cents a pound for the rest of the year.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
*(h) cucumbers, 10 per cent; (2 cents per pound: 20 weeks).

Mr. DUNNING: Imports, $65,000; United States duty, three cents a pound.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
*(i) lettuce, 10 per cent; (⅘ cent per pound: 18 weeks).

Mr. STIRLING: This is thought by my people to be a very substantial cut indeed. The period has been shortened from 146 days to 126. They look upon that as a very serious obstacle to overcome.

Mr. DUNNING: Canadian imports of lettuce, $828,000; United States duty, two cents a pound.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(j) parsley, 10 per cent.

Mr. DUNNING: Imports of parsley are not separately recorded.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
*(k) peas, green, 10 per cent; (2 cents per pound: 12 weeks).

Mr. DUNNING: Imports, $117,000; United States duty, July 1 to September 30, two cents a pound; remainder of the year, 3⁹⁄₁₀ cents a pound.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(l) rhubarb, 10 per cent; (1 cent per pound).

Mr. DUNNING: Rhubarb is not separately recorded in our statistics.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(m) spinach, 10 per cent.

Mr. DUNNING: Imports $164,000; United States duty, 50 per cent.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(n) tomatoes, 10 per cent; but not less than 1½ cents per pound.

Mr. CLARK (Essex): I believe the greater part of our imports of tomatoes does not come from the republic immediately to our south, and I would suggest to the Minister of Finance that it would be in the interests of our growers to place a higher duty against that country from which most of our imports come.

Mr. DUNNING: I believe some other hon. members wanted to offer a few prayers in this regard.

Mr. MAYHEW: I do not know whether it is because to-day is March 17 that we seem to be against the government, but this is a serious matter to the people adjacent to my district who have a large investment in hothouses and equipment for the growing of tomatoes under glass. They cannot compete with tomatoes grown outside at that time of year. The growers are very much disturbed about this matter; in fact they feel that their industry will be completely wiped out if they do not get some further protection. I should like the minister to take that point under advisement.

Mr. GRAYDON: May I ask if there is a serious influx of Mexican tomatoes into Canada at the present time?

Mr. DUNNING: Last year our imports from Mexico were greater than our imports from the United States. That is what the hon. member for Essex South was referring to, and I have had requests, which the hon. member just now supported, that a difference should be created between the general and intermediate tariffs in respect to tomatoes. I may tell my hon. friends that this is under consideration at the present time.

Mr. GRAYDON: There is nothing in the present trade agreement to prevent the government from increasing the tariff against these Mexican tomatoes, is there?

Mr. DUNNING: Not as long as Mexico is under the general tariff.

Mr. LENNARD: I would also in a word urge the minister to give serious consideration to this matter, because it means so much not only to the growers of hothouse tomatoes but also to those who grow stake tomatoes, which come in several weeks before the field crops.

Mr. DUNNING: For once the hon. member for Wentworth was second to the hon. member for Essex South. I shall bear in mind that support from Wentworth.

Mr. TAYLOR (Nanaimo): The hon. member for Victoria (Mr. Mayhew) has pleaded my case in regard to tomatoes, but I want to assure the minister that it is a very serious matter in my constituency. The growers there not only have to compete against Mexico, the Imperial valley and other hot places; I understand now they have to compete against tomatoes grown by the soil-free method, which is assuming very considerable proportions in certain parts of California.

Mr. DUNNING: I should point out that the ad valorem equivalent last year on Mexican tomatoes was 72 per cent.

Mr. STIRLING: Just one word with regard to the seriousness of this situation in my constituency. For the moment I am dealing with it not so much in regard to the grower as in regard to the labour employed. It is going to be a very serious question where there is a very large acreage in tomatoes. I am not speaking only of the early tomatoes; I am speaking of the main crop. We are fearful that the labour which hitherto has found a livelihood for a short time in the summer and fall, which enabled it to provide for winter sustenance, will be seriously affected.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(o) watercress, 10 per cent; whitloof or endive, free; peppers, green, 10 per cent; radishes, 10 per cent; artichokes, horseradish and okra, free.

Mr. DUNNING: Watercress is not separately recorded.

Item agreed to.

Customs tariff—87. Vegetables, fresh, in their natural state:
(p) n.o.p., 10 per cent.

Item agreed to.

Customs tariff—89. Vegetables, prepared, in airtight cans or other airtight containers, the weight of the containers to be included in the weight for duty:
(a) beans, baked or otherwise prepared, 1½ cents per pound.

Mr. TUSTIN: What is the duty on canned goods entering the United States? What was it before the 1935 agreement, what was it under the last agreement, and what is it now.

Mr. DUNNING: That is with respect to canned beans?

Mr. TUSTIN: If the minister so desires he might give the information in regard to beans now.

Mr. DUNNING: It varies with different commodities.

Mr. TUSTIN: If the minister desires to give the information under the individual items it will be all right; or he can put them all together.

Mr. DUNNING: In regard to canned beans our imports last year were valued at $18,000, practically all from the United States. The United States rate is 3 cents per pound.

Mr. McNIVEN: Has the minister the rate prior to 1935?

Mr. DUNNING: It has not been changed.

Item agreed to.

Customs tariff—89. Vegetables, prepared, in airtight cans or other airtight containers, the weight of the containers to be included in the weight for duty:

ex (b) corn, 1½ cents per pound.

Mr. TUSTIN: I should like the same information in regard to this item.

Mr. DUNNING: Perhaps I should explain why that rate was not changed, because it applies to a number of other items. The principle on which the United States works in negotiating trade agreements is called the doctrine of the principal source of supply. No commodity is included in an agreement with Canada of which Canada is not the principal source of supply. It is a very logical principle to adopt, having regard to the legislation under which the United States operates with respect to trade agreement matters. For instance, in connection with canned beans, if they gave a concession to Canada, which is not the principal supplier, that concession under the most favoured nation arrangement would go automatically to whatever nation was the principal supplier, and would thus prejudice the United States in possible negotiations with that nation. I may say that while we have no such legal restriction so far as Canada is concerned we do endeavour to keep the same principle in mind when we are negotiating. It would be absurd to give a concession to one country which was a small supplier of a commodity in a trade agreement in which reciprocal advantages were exchanged. It would mean giving a minor advantage to that country and a major advantage to some third country which in the nature of things was the principal supplier of the commodity in question.

Mr. TUSTIN: Will the minister give the countervailing duties on these items going into the United States?

Mr. DUNNING: I will give them on each of these items.

[Mr. Tustin.]

Mr. TUSTIN: And the exports?

Mr. DUNNING: Our imports of canned corn last year were valued at $2,700. The exports are not separately recorded. The United States tariff on corn prepared or preserved is 35 per cent.

Item agreed to.

Customs tariff—89. Vegetables, prepared, in airtight cans or other airtight containers, the weight of the containers to be included in the weight for duty:

(c) peas, 1½ cents per pound.

Mr. DUNNING: The imports from the United States of canned peas amounted last year to $1,800, an increase from the previous year, when they were only $200. The United States tariff on peas prepared or preserved is two cents per pound.

Item agreed to.

Customs tariff—89. Vegetables, prepared, in airtight cans or other airtight containers, the weight of the containers to be included in the weight for duty:

(d) n.o.p., 20 per cent.

Mr. DUNNING: Under this item the imports last year were $16,400, almost wholly from the United States. The United States duty varies. It is an n.o.p. item and usually, on most of the items which would fall within this limit, 35 per cent ad valorem.

Mr. TUSTIN: I must protest against the reduction on canned goods in this agreement. In 1935 when there was a duty of three cents per pound on canned goods coming into the country the importations from the United States were $723,378. Under the last agreement, when it was reduced to two cents, there were in 1938 imports amounting to $1,493,377. In the face of the great increase in importations of canned goods the government have now seen fit to produce the tariff to one and a half cents per pound. Surely they must be aware of the full warehouses. I do not wish to take up the time of the committee but I must protest on behalf of the producers who are in this business. If anything can be done it should certainly be done for this line of industry.

Mr. DUNNING: I am quite sure that the figures my hon. friend gave are not those that are applicable to canned vegetables. I gave separately the importations of each of the commodities comprised within this group, and I am sure they would not total the figure he gave. I can only assume that he has included, in the figure he gave, all varieties of canned goods, whether vegetables, fruits; meats or others. I say that for purposes of a correct record.

Mr. TUSTIN: The figures I have were given me a few days ago by the bureau of statistics, and the figures I quote are for canned vegetables. I have the figures for canned fruits and meats, but they are not added to the figures I have just given.

Mr. DUNNING: There must be something wrong, because the source of our figures is also the Dominion Bureau of Statistics. I gave the figures separately and the hon. member gave the aggregate figures respecting importations of canned vegetables. Mine do not total anywhere near his.

Mr. TUSTIN: I got my figures from the bureau of statistics, and if they are not to be relied on, then—

Mr. DUNNING: I have the answer now. I gave figures dealing with these canned vegetables particularly, which are within the purview of this agreement. The figures given by my hon. friend have reference to canned vegetables that are not affected at all by the agreement. So that probably his complaint will be minimized to that extent.

Item agreed to.

Customs tariff—90. Vegetables, prepared or preserved:

(a) dried, desiccated or dehydrated, including vegetable flour, n.o.p., 22½ per cent;

(c) vegetable extracts or juices, liquid mustards, soy and vegetable sauces of all kinds, 27½ per cent.

Item agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:

* (a) apricots, March to December, inclusive, 10 per cent; (1½ cent per pound).

Item agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:

*(b) cherries, 10 per cent; (3 cents per pound: 7 weeks).

Mr. BARBER: As has already been said, I do not think there is much use in spending a great deal of time on these items. It is quite apparent the government, by this agreement has dealt another blow to the fruit industry of British Columbia. On cherries the in-season protection has been reduced from 81 to 43·8 cents per case and the in-season period reduced from 8 to 7 weeks. That is not the worst part of it. I represent a district in which we produce an enormous quantity of cherries and our problem at one time was to get the people of Vancouver to buy Canadian cherries. They were paying 20 or 25 cents a pound for United States cherries through brokers. We put on a cherry carnival on the first of July each year. This date coincides with the production season. We sold cherries to Vancouver people at 8 and 9 cents a pound and they were as good cherries as those that are imported. We have built up that business until we sold as high as 40 tons on that day.

Mr. DUNNING: Excellent.

Mr. BARBER: People coming from Vancouver by motor car to attend that carnival bought our cherries by the pound or crate. Last year however the season was a little early and on the first of July we did not have the buyers. The reason was that between the middle of June and the first of July, 17 cars of cherries were dumped from across the line on the Vancouver market. That is one complaint. It is not the application of the dumping duty or the regulations as regards time, but that simply meant that producers in my district lost tons of cherries. They rotted in the gardens simply because an enormous quantity of cherries had previously come in. We did object to the 17 cars that came in because they came in at a time that should have been included in the in-season period.

Mr. DUNNING: The dates can be adjusted.

Mr. BARBER: There should be some way of keeping track of the different seasons. Some seasons are earlier than others. Can the minister give us the imports?

Mr. DUNNING: As my hon. friend will recognize, the great difficulty is as between different parts of Canada and also as between different seasons in the same part of Canada. In British Columbia they went on last year on the 14th of June. That would appear from my hon. friend's statement to have been early enough. However, it should be taken up with the Minister of National Revenue.

Mr. BARBER: It was after the 12th of June that 17 cars came in. They rolled them in ahead of our date. And we had early cherries before that. Perhaps the minister will give the imports.

Mr. DUNNING: The imports of cherries last year from the United States totalled $110,000.

Item agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:

(c) cranberries, 10 per cent, but not less than 1½ cents per pound.

Item agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:

* (d) peaches, May to November, inclusive, 10 per cent; (1⅔ cents per pound: 9 weeks).

Mr. DUNNING: The imports of peaches amounted to $248,000.

Item agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:

* (e) pears, May to January, inclusive, 10 per cent; (1 cent per pound: 15 weeks).

Mr. LOCKHART: What were the imports of pears?

Mr. DUNNING: The imports last year of fresh pears from the United States were $477,000.

Mr. LOCKHART: A great deal was heard about the deliberations that took place in connection with the negotiation of this treaty. Changes have been made in connection with commodities in which there are large importations, and I should like to know what method was taken to ascertain the views of the growers of these particular commodities. Was any effort made to ascertain the view of the Canadian producer before the treaty was actually signed?

Mr. DUNNING: In general, there is not an item affected by this agreement which was not the subject of a brief to the government, to myself usually, from associations of the classes of producers interested. With regard to pears and other similar products, we were briefed fully by the Canadian Horticultural Council. Into the docket in my office bearing the number of each of these various items go all the representations made during the year from anyone anywhere. We have been in constant touch and communication with those vitally interested in the production of the commodity with which we were dealing. That is the system. I must compliment Canadian producers of all kinds upon the effective manner in which they briefed us in connection with the commodities in which they were interested.

Mr. LOCKHART: That is the point I wanted to bring out. I wanted an expression from the minister as to whether they had dealt fully with the situation and given him all the available information.

Mr. DUNNING: I have no doubt of that at all.

Mr BARBER: I take it that the 10 per cent is to apply from May to November, and the item will be free the rest of the time?

Mr. DUNNING: My hon. friend is correct. Nothing could be done with respect to the rest of the year because of bound margins under the British and other dominion agreements.

[Mr. Dunning.]

Mr. STIRLING: During the other months the British preference rate would apply?

Mr. DUNNING: There are fixed margins in connection with other dominions.

Mr. McNIVEN: Does the same apply to peaches?

Mr. DUNNING: Yes.

Item agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:

(f) plums and prunes, May to November, 10 per cent; (plums: 1 cent per lb.: 10 weeks); (prunes: 1 cent per lb.: 8 weeks).

Mr. BARBER: I have the same complaint to make with regard to the application on prunes. We grow hundreds of tons of prunes in the particular part of the country from which I come, and we have considerable difficulty in having the application made in time. Could the minister tell me what time this application was made last year on prunes?

Mr. ILSLEY: August 19.

Mr. BARBER: They tried to get it about August 10.

Mr. ILSLEY: Representations are always made by the fruit growing interests to put it on at an early date, and representations come from the importing interests to defer putting it on. It is a very difficult matter to adjust.

Mr. BARBER: Here is what happens with regard to prunes. One canner comes along and tries to beat down the growers to a half cent per pound for their fruit. He tells them that if they do not take it he will buy imported prunes. He will load up with 40 or 50 tons of prunes the day before the protection comes on and leaves the growers in an unfortunate position.

Mr. ILSLEY: It was done earlier last year than the previous year.

Mr. BARBER: The season was a great deal earlier.

Mr. McNIVEN: What were the importations of plums and prunes?

Mr. DUNNING: The importations last year of plums and prunes were $262,000.

Item agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:

* (g) strawberries, 10 per cent; (1⅝ cents per lb.: 6 weeks).

* raspberries and loganberries, 10 per cent; (2 cents per lb.: 6 weeks).

Mr. BARBER: The in-season is reduced from eight to six weeks, while the protection

has been reduced by over fifty per cent since 1935. This is a large industry. From one point in the district which I have the honour to represent they shipped 145 cars of fresh strawberries to the prairies. The prairie members did not pay any more for strawberries owing to the protection given, because they never even got a price equal to the protection. There was sufficient Canadian competition, there was sufficient British Columbia competition to keep the price down. Although the growers sold more fruit last year, their profits were a great deal less than in any other year. A few years ago a carload of strawberries arrived in Ottawa from my district. United States strawberries had been selling for from 20 to 25 cents per box, but two days before this car arrived in Ottawa the United States berries were reduced to 10 cents a box. The British Columbia berries sold for 15 cents a box right alongside the United States berries. If these Canadian berries had not been in transit the price of the United States berries would have been held up for another week or two. When people say that protection increases the price, they should study these things a little more closely.

Mr. LOCKHART: There has been a reduction of 33⅓ per cent in the in-season period. Is there any reason why this period should have been so drastically reduced to six weeks?

Mr. DUNNING: Just a matter of negotiation. We were doing the best we could.

Mr. LOCKHART: In other words, we gave them an exceptionally nice slice of the melon. The strawberry growers are going to be seriously affected through having only a six weeks in-season.

Item agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:

(h) berries, edible, n.o.p., 10 per cent.

Item agreed to.

Customs tariff—92. Fruits, fresh, in their natural state:

(i) quinces, and nectarines, June to February, inclusive, 10 per cent.

Item agreed to.

Customs tariff—93. *Apples, fresh, in their natural state, 15 per cent; (⅜ cent per pound).

Mr. RICKARD: Is there any time limit on apples?

Mr. DUNNING: No time limit.

Item agreed to.

Customs tariff—94. Grapes, fresh, in their natural state, the weight of the packages to be included in the weight for duty, July to January, inclusive, one cent per pound.

Mr. STIRLING: There had been a considerable growth of acreage in grapes, and of varying varieties, in the southern part of British Columbia. Why has the duty been cut 33⅓ per cent?

Mr. DUNNING: Do you mean the period?

Mr. STIRLING: The duty. There is no period left.

Mr. DUNNING: It is a thorny subject. Our wineries use imported grapes as well as Canadian grapes. Last year the grapes imported amounted to $976,000; our own production was about $1,100,000. The ad valorem equivalent duty on grapes last year was 46 per cent.

Mr. STIRLING: Is the minister able to divide that $976,000 of imports geographically? Does he know that most of it came into Ontario and Quebec, and just where it came in?

Mr. DUNNING: There are no figures as to provincial distribution, but undoubtedly, from the nature of the industry, it came principally into Ontario and Quebec.

Mr. CHURCH: With reference to items 93 and 94, does the minister think it is fair to the producer of these fruits in Ontario to reduce the duties? Around the city of Toronto for many years there were many market gardeners engaged in this work, but now it does not pay them to till the land for apples and grapes. You might just as well ask the people of the United States to buy these fruits from South Africa instead of buying from their own domestic producers in California and Florida. I think it is too bad to destroy such a large industry around Toronto. They had the St. Lawrence market and other markets where these people came in with their produce every Saturday. You might just as well put these fruits on the free list and have complete free trade.

Item agreed to.

Customs tariff—95. Canteloupes and musk melons, 10 per cent; (1¼ cents per lb.: 8 weeks).

Item agreed to.

Customs tariff—95a. Melons, n.o.p., 2 cents each.

Item agreed to.

Customs tariff—96. Fruits, fresh, in their natural state, n.o.p., 10 per cent.

Item agreed to.

Customs tariff—ex 96. Avocados or alligator pears, free.

Provided, that, as regards such of those articles dutiable under tariff items 84, ex 85, 87, 92, 93 and 95, as are marked with an asterisk in this schedule, Canada reserves the right to fix the value for duty at a figure exceeding the invoice value by not more than the amount set forth in the parentheses following the descriptions of the several articles;

The values so fixed shall not be maintained in force in any twelve months ending March 31 for a period in excess of the number of weeks set forth in the parentheses following the descriptions of the several articles; provided, however, as regards articles dutiable under subitems (d) and (e) of tariff item 87, the number of weeks during which the value so fixed may be maintained in force may be divided into not more than two separate periods, the combined duration of which shall not exceed the number of weeks set forth in the parentheses following the descriptions of the articles;

Provided further, that Canada reserves the right, after consultation with the United States of America, to substitute, in whole or in part, for the system of protection of these fruits and vegetables by means of advances in values for duty purposes, a system of specific duties which shall not be more burdensome on imports from the United States of America than that provided for in this agreement.

Item agreed to.

Customs tariff—99a. Plums or prunes, dried, unpitted, when in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty, 1 cent per pound.

Item agreed to.

Customs tariff—99b. Fruits, dried, desiccated, evaporated or dehydrated, n.o.p., 15 per cent.

Item agreed to.

Customs tariff—99d. Dates, dried, unpitted, in bulk, ½ cent per pound.

Item agreed to.

Customs tariff—99f. Figs, dried, when in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty, ½ cent per pound.

Item agreed to.

Customs tariff—99g. Apricots, nectarines, pears and peaches, dried, desiccated, evaporated or dehydrated, 22½ per cent.

Item agreed to.

Customs tariff—100a. Grapefruit, n.o.p., ½ cent per pound.

Item agreed to.

Customs tariff—101. Oranges, n.o.p.: December to April, inclusive, free; May to November, inclusive, 35 cents per cubic foot.

Provided that Canada reserves the right to substitute for the above item the following:

Customs tariff—101. Oranges, n.o.p.: January to July, inclusive, free; August to December, inclusive, 35 cents per cubic foot.

[Mr. Church.]

Mr. STIRLING: Which of these two items is to be made use of?

Mr. DUNNING: That is a very difficult question to answer.

Mr. STIRLING: Why difficult? Because the information has not reached the minister yet?

Mr. DUNNING: No, but because one wants to defer a decision until as close as possible to the time the duty shall become effective. We left ourselves as free as possible in the matter in order to decide it in the best interests of our own country.

Mr. ROSS (Moose Jaw): Before we pass this item I should like to make a few remarks on it.

Oranges is one of the items under the British empire agreement which was changed in duty to the great detriment of the Canadian people. We have heard hon. members from the other side of the house lauding the British empire agreement for the great good it did Canada, but here is one place where the consumer was again sacrificed in true Tory fashion to help certain of the industrialists in Canada.

Mr. DUNNING: This is a reduction in duty.

Mr. ROSS (Moose Jaw): Yes, but it has not been reduced anywhere near to where it should have been. The British empire agreement bound the duty so that it could not be changed. That is the trouble. Many other items were similarly bound, but this one item will show what the British empire agreement did for the Canadian people. The British empire agreement placed a duty of 35 cents a cubic foot on the importation of oranges. Prior to that we were importing into Canada from 2,500,000 to 3,000,000 boxes of oranges a year. But in order to sell automobile chassis, sawn lumber, newsprint and box shooks to Australia and South Africa, a bound rate of 35 cents a cubic foot was put on oranges by the former administration, and oranges from the British empire were made free. A similar thing happened with respect to the corn rate, of which we were speaking earlier this afternoon. A rate of 20 cents a bushel was put on corn to help South Africa.

Now what happened was this. First, Japan protested vigorously against the imposition of this duty of 35 cents per cubic foot. So the big stick trader from the Conservative party at that time, Mr. R. B. Bennett, backed up to count the cost to the Canadian industrialist. He found out that Japan had threatened to boycott Canadian manufactured goods or

place a much higher tariff on them. Although the dictionary said that a Japanese orange was an orange, although the trade always called the Japanese orange an orange, an order in council was passed at that time, saying that a loose-skinned mandarin or tangerine was not an orange and therefore could enter Canada free. But other oranges, the same tangerines and mandarins from the United States, were still subject to the same duty of 35 cents per cubic foot.

After that duty of 35 cents per cubic foot became effective, the consumption of oranges went down in Canada to about 2,000,000 cases, a drop of about 500,000 cases. During the same period, and under the same economic conditions, the consumption of oranges in the United States went up by 7½ per cent, while our consumption dropped 12 per cent. Average importations of oranges from British empire countries into Canada during the time of the British empire agreement amounted to only 115,000 boxes. The Canadian consumer, on all the oranges that he purchased, paid $1,350,000 more on account of that 35 cents per cubic foot.

Mr. GRAYDON: No.

Mr. ROSS (Moose Jaw): He paid $1,350,000 more.

Mr. GRAYDON: The hon. member cannot prove that.

Mr. TUSTIN: The price was not increased.

Mr. ROSS (Moose Jaw): Of course the price was increased. Oranges sold into Canada are sold from the United States at exactly the same price as is paid by the United States buyer, but the Canadian buyer has to pay a tariff charge which is 35 cents per cubic foot.

Mr. BROWN: That is not necessarily so.

Mr. ROSS (Moose Jaw): But it is so in this case. What did that mean? It simply meant that in order to protect oranges from certain parts of the British empire, of which only 115,000 cases were shipped to this country, the consumers paid an additional $1,350,000, or at the rate of $12 cash per box over and above the price of the oranges which were bought from the British empire.

Mr. GRAYDON: Oh, no.

Mr. ROSS (Moose Jaw): My hon. friend says no. In 1935, after this government came into power—

Mr. MacNICOL: Everything went to pieces.

Mr. ROSS (Moose Jaw): —they made a trade treaty with the United States and they allowed four months' free entry of oranges into Canada. In the year 1936, when that treaty was initiated, there were imported into Canada from the United States more oranges, of course, during the four month period, January, February, March and April. Here is what actually took place in connection with the price of oranges in Canada. On the Montreal market, for size 252, which is the most popular size of orange purchased there, the price during the four months when the duty was off averaged 23¼ cents a dozen retail to the consumer. But during the other eight months of the same year, while the tariff of 35 cents per cubic foot was on, the price for the same size was 33 cents per dozen oranges. That applied all through the eight months period.

Mr. RICKARD: What did the apple growers get for their apples during that time?

Mr. STEVENS: Surely the hon. member must know that the flush period of production in California, where most of the oranges come from, is from the middle of December until April.

Mr. ROSS (Moose Jaw): My hon. friend is entirely wrong.

Mr. STEVENS: I am not.

Mr. ROSS (Moose Jaw): There are two kinds of oranges grown in California, the navel orange and the Valencia. The navel orange starts to become ripe and is shipped in November and on through to January.

Mr. STEVENS: No.

Mr. ROSS (Moose Jaw): I am telling my hon. friend the facts. The Valencia orange starts to ripen in April, and is picked from April through to July.

Mr. STEVENS: Surely, but it is much smaller in quantity.

Mr. ROSS (Moose Jaw): No, not much smaller. The large amount of fruit grown in the United States in these months is grown to-day in Florida and Texas, and a great deal of the fruit which is received in this part of Canada comes from those states.

The actual facts in connection with the price of oranges at that time are as I have given them to the committee. In other words it has cost us practically ten cents a dozen more for oranges while the duty period is on than when it is off. We still have this provision in the treaty. We cannot escape it because we cannot get certain parts of the empire to let go of the bound rate which was put in the 1932 agreement. This applies not only to oranges but also to many other fruits

in our trade schedules. As a matter of fact, when this government first came into office there were some 200 bound rates. There are now around 90, and it is to the credit of the government that changes have been made to that extent. This government does not bind a rate against decrease; it binds only against increase. My hon. friend's party bound only against decreases.

Mr. PERLEY: We put more items on the free list than your government did all the time it has been in office.

Mr. ROSS (Moose Jaw): My hon. friend is entirely wrong.

Mr. PERLEY: Well, look at the record.

Mr. DUNNING: I see we are starting a discussion here which will probably continue, and I am desirous of reporting progress before six o'clock.

Mr. ROSS (Moose Jaw): I will allow the item to go now.

Mr. MacNICOL: We on this side will try to help the minister.

Mr. DUNNING: I think everyone has been trying to help me this afternoon, and I appreciate it. I want to congratulate the committee on a good afternoon's work.

Mr. COLDWELL: The item of oranges is standing, is it not?

Mr. MACKENZIE (Vancouver): It has not been passed.

Item stands.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 41, for the relief of Edythe Marjorie Burke Atkinson—Mr. Heaps.

Bill No. 42, for the relief of Marie Louise Rosetti Di Rosa—Mr. Macdonald (Brantford City).

DOMINION ELECTIONS

PROVISION FOR TAKING OF BALLOT ON SPECIFIC QUESTIONS OF NATIONAL IMPORTANCE

Mr. T. L. CHURCH (Broadview) moved the second reading of Bill No. 11, respecting balloting on questions of great national importance.

[Mr. J. G. Ross.]

Mr. LAPOINTE (Quebec East): Explain.

Mr. CHURCH: In moving the second reading of this bill, as to-day is the anniversary of a great saint and a great man, and a notable day to a great many people of the Irish race in this country, I wish to compliment you, Mr. Speaker, as the representative of another great people, the people of the glorious land of France, towards which the eyes of the whole civilized world were turned during the great war, who suffered pain, sacrifices, sorrow, anguish and great privations and the story of whose endurance, bravery, and glorious service to humanity will live in the annals of patriotism forever. The people of Ireland were a downtrodden people for a great many years. I wish to pay tribute to you, sir, for your conduct of the public business in the interests of the people of Canada.

In moving the second reading of this bill let me say that it does not in any sense involve the expenditure of money, because it is only enabling and permissive legislation. It gives power to the governor in council if he sees fit to refer any matter of national importance to the people. This house, and parliamentary institutions generally in this country, have not been treated fairly by some of the press as far as reporting the proceedings of parliament is concerned. I should like to take a couple of minutes to answer some of the criticism which has been directed against this house from outside. As far as the notice or reports given by some of the press to the proceedings here is concerned we might just as well turn the key in the door and hold the sittings in secret or in private. The press has a duty to the public, which with three or four exceptions it is not carrying out,—to give to the people the plain facts of what is being done in this house.

The ballot proposed has been the rule in the municipalities for many years. I see the respected and honoured Minister of Justice (Mr. Lapointe) here to-night. I think he is a taxpayer in the city of Quebec.

Mr. LAPOINTE (Quebec East): But we are not a municipality.

Mr. CHURCH: The taxes he pays on a piece of real estate may be a rent in itself. The object of this bill is to apply the law which has been the rule in the municipalities since confederation and in the provinces to federal affairs, so that we shall have government of the people by the people and for the people and let the people rule so that they will have something to say about the disposition of their own property. This pro-

vision for a referendum was found to be in the public interest and of great benefit; it was found to prevent waste and to check overgovernment and overtaxation. It has been in operation extensively in the provinces for years. As the explanatory note says, it is enabling legislation similar to that for many years in vogue in democratic countries. It is found to be in the public interest and most useful, permitting the submission of important domestic national questions to the wisdom and judgment of the electors. The provinces have used it extensively for years through the municipalities, thus providing an opportunity for giving the public a voice in government policies. It will create a prerogative of checks and balances and make for government "of the people, by the people, and for the people." It is only enabling legislation to enable the governor in council to submit to a vote any question of national importance.

Last year I wrote a letter to the special committee on electoral matters. The following is from the record of the committee's proceedings, May 4, 1938:

The Chairman: Gentlemen, I have a letter which I would like to read to you so that you may think the matter over and dispose of it at a later date. This letter is from Mr. T. L. Church, M.P., and is addressed to the chairman and gentlemen of this committee.

I thought I would simply acknowledge receipt of the letter and read it to the committee and we can discuss it at a later date.

Mr. Pelletier: Would it be possible to have a copy of the letter?

The Chairman: It is simply a matter of adding a clause in the elections act whereby we can submit a referendum to the people on certain questions. The letter does not describe the matter in any clearer form than the bare statement.

Mr. McIntosh: Does he mean that a referendum would be held at the same time as the voting?

The Chairman: To make provision for that to be done.

Mr. Taylor: It is impossible to have a referendum under the present act?

The Chairman: There is no provision in the act now.

(At this point the committee proceeded to other business. There is no record of the letter having been read.)

You, Mr. Speaker, have been a municipal ratepayer for many years and will realize that a provision for referendum on matters affecting the liberty of the subject and the control and disposition of property is a wise thing. For example, the city of Toronto has a splendid patriotic press, all good papers; they do a great deal for the city and country. I do not wish to criticize in any way the press, far from it; I have on other occasions in my newspaper bill paid tribute to the press and what it does for the people of the country in peace and war alike. But I recall an occasion in Toronto when five of the six daily Toronto newspapers advocated very strongly the purchase by the people at $32,000,000 of an old electric railway and electric light company's franchise and physical assets which was reported by the investigator to be worth $6,000,000. Had it not been for the voice of one newspaper, the *Telegram*, and one or two men in the Toronto city hall—I am not saying who they were—the people of Toronto forever would have had to pay carfare at a cost of two tickets for a quarter on the streets of the city. A referendum should have been held on the proposal that the municipalities should buy and control this light and power and transportation, and some of the papers supported the purchase and nearly pulled it off over the people's heads. But an amendment to the municipal act was sent to the legislature by the city, when my hon. friend, the member for Parkdale was in the city council, providing that no franchise to any light, power or transportation company should be granted by law over the streets of municipalities in the province of Ontario without a vote of the ratepayers That amendment to the Municipal Act, which I moved, passed the legislature and is commonly called the Beck act. If that policy is good for municipalities and provinces, it is good federally. It would have been good in connection with the launching of three transcontinental railways. Some of the old newspapers were responsible for the present railway situation and bungle in this country; they said "Cox could not wait." Had the people then had a voice in that, I doubt if the railway situation in Canada would be what it is to-day. I am not criticizing the newspapers, but in the early days of this century they created—at least most of them did—this folly. There is political wisdom even in what I said the other night that you can never answer a newspaper, because it always has the last word.

The principle of this bill is to trust the people, and let them have a more important place in domestic government. What has become of the old clear-cut doctrine of representation by population, a principle recognized before confederation and a splendid doctrine that did credit to Liberalism. It was a good principle, because it gave the people a voice. I would not have a referendum on questions of defence or war or foreign affairs, that would be a great mistake. The government of the day must take the responsibility in an emergency, as Sir Robert Borden did

in August 1914, and the country backed him up. The enemy might be in the country and take possession before you could open the ballot boxes. If a referendum was held, they would sail up the St. Lawrence and destroy our leading cities in eastern Canada. I would hold referendums on great domestic problems such as I have described and on over-government and over-taxation. I think the people know more about our railways than some of the members of this house. It does not indicate great wisdom when we see three or four transcontinental, double track railways, with all their branch lines as condemned by the Drayton-Acworth and Duff reports. If that proposition had been submitted to the people in 1905 and 1909 I doubt if we would have had a second or third transcontinental railway in this country; nor, I believe, would we have had the over-government and waste from which we have suffered in the past. In the Drayton-Acworth report it was stated that Canada, with a population of 10 millions, had a railway mileage equal to that of Germany with a population of 67 millions, and of France and England, with populations of 46 and 47 millions. With Canada's 42,000 miles of single track it is now too late to hold a referendum.

A further point is that a referendum would be a check on hasty legislation. It would ensure that vital and important measures dealing with domestic affairs could not be passed by parliament against the wishes of a majority of the electors. A referendum is the most effective way of making the voice of the people effective. In the second place the compulsory referendum would be the greatest possible safeguard against sudden tampering with the constitution. It would be used principally in regard to questions of constitutional change, so would not involve serious changes in the routine of government.

The representative system has completely broken down. British statesmen, though professing to serve their constituents and the will of the people, are becoming more and more independent and out of touch with them, except at elections. They can hardly object to becoming more subject to popular control. Under the referendum it is not necessary for a ministry to resign when one of its schemes is rejected. Thus able men may remain in office even though one of their proposals may be rejected. The heart of the whole policy is often contained in some single resolution or law; and if the doctrine of the mandate has any place in democratic theory, it is applicable on these pivotal occasions. The electors would have to vote for measures and principles, not for men, and this they are perfectly competent to do. At present they are asked to decide between two or three complicated policies which touch every foreign and domestic interest of the state, without a chance to exercise a critical selection between the good points and the bad. Surely they can decide on the advantages or disadvantages of a single legislative proposal. The merits of voting for men, not measures, are disproved by the steady degeneration in the type of candidates elected. The public think they have a good man when they may not. The reason why voting is so small in many referenda is that considerations of party and personal passion and prejudice are absent. Those who do not vote presumably are indifferent to what may happen, so those who are concerned are rightly allowed to decide.

Then, Mr. Speaker, this would be politically educational, and would free people of the habit of thinking in terms of parties. Measures would then be considered from the point of view of the community rather than of the interests of parties, creeds, sects and classes. The House of Commons would still deal with unimportant measures and would have to draw up each measure to be referred, settle all the details connected with it and finally present the best result that could be obtained. The adoption of the referendum plan would lessen the evils of the party system, because the certainty that party support meant party victory would vanish. A partial or trial application of the referendum system might be made. It would put more vigour into political life and would give the electorate the feeling that they really controlled their destiny. In some of the states of the union and in Switzerland it has been tried with great success. Far from being an un-English institution, it originated in England in the seventeenth century. Its position in the United States is that of substitute for the veto, which is a cardinal feature of English constitutional theory. The royal veto is now a mere survival, but the need for a sovereign veto remains. No fewer than 1,600 instances are known in America, and undoubtedly if the system had been a failure it would have been dropped. It is an ordinary part of trade union constitutions in England, and has worked well. That is, strikes are nearly always subject to it, and in those cases where it is not used the strikes very often fail because of the discord that follows lack of agreement about the policy to be adopted. In addition it keeps the legislature and individual members in touch with opinion in the country during the interval between one general election and the next.

It is not my desire to criticize the newspaper or splendid public activities of that great

and most popular young Canadian, Mr. McCullagh, or of that other patriot and gentleman who was a great pioneer and who is a very much beloved citizen, Mr. Wright, both of whom are old and admired friends of mine. As I see it these two gentlemen have done a great public service, in one sense, in that they have reawakened and reconsecrated public opinion to paying more attention to the way we are governed and the need of modern reforms. After all is said and done, while the fathers of confederation are greatly respected it must not be forgotten that mistakes were made, and it is the duty of parliament to endeavour to remedy those mistakes, and to bring the conduct of public business up to date.

Our whole system of government seems to be upside down. As I see it one of the cardinal principles of our constitution is that the courts shall be subservient to the legislature. To-day the working man is at the mercy of arbitrary social conditions which are quite beyond his control. A century ago we reformed the franchise to secure the liberty of trade and commerce and industry. Later that reform was extended for the benefit of the mercantile industrial classes as against a landed family compact, and still later it was extended to wage earners and women, in order to enlist the aid of the women toward the betterment of social conditions. Our governments have done the best they could, faced with that comedy of errors called the British North America Act, a relic of the ox cart days. We are told that we have to suffer all the economic evils of to-day because of the British North America Act; because certain wise men, whose vision did not extend to the conditions of to-day, unloaded the provincial system upon us as opposed to the federal system which they have in England. Many things we enjoy to-day were unheard of in 1867. Then there were no joint stock companies, no telephones, no power development, no air lines, no radios, no old age pensions, no social insurance, no eight-hour day; nor had they the benefit of many of the great discoveries that have been made in science, physics and biology. Are we to assume that these men who lived in the past left us adequate machinery to deal with the problems these new discoveries have brought us? The authors of the British North America Act did not play bridge or squash or badminton, or go to rugby or pro hockey games, but they left us this relic, the British North America Act. As a result the unemployed have to suffer, and we cannot solve the simplest economic and social questions.

What I should like to see result from this referendum system is a restoration of government of the people, by the people and for the people. The British North America Act is blamed for our failure to solve our most pressing problems, but the constitutional parliamentary, cabinet and law reform problems are the most pressing of all. It is responsible for the failure of any effort on the part of the dominion, the provinces and the municipalities to solve the difficulties with which we are faced while the people suffer untold hardship, misery and want.

In conclusion, Mr. Speaker, may I say that we in this house are even blamed for our present canal system. I saw an article to that effect in the press this morning. The Rideau canal was financed and built by the British government as a back door to lake Ontario to aid the inadequate defences shown in the war of 1812. The newspapers make a great many statements that are not correct. They published garbled accounts of the debate that took place here just a week ago to-night with regard to constitutional and cabinet reform and the statute of Westminster. I suggest that some of our editors should publish what actually happens in this house and give the people the truth and facts; because we might as well be meeting in secret for all that is said about us by some of the newspapers with regard to our proceedings. And what is going on here under the constitution? In the old days our newspapers published an account of the proceedings of our democratic bodies in federal, provincial and municipal affairs. In the last two cases they still do, but not as to the proceedings here. For example, from what source do some papers principally derive their news concerning Great Britain? Do we get it from Britain direct or from Mr. Chamberlain: I venture to say that a large part of the information that we read with regard to the old land—in some papers there are many notable exceptions—does not come from England but through the papers of the United States. Many of the articles you read in the morning papers in this country have already appeared in some of the newspapers of Cleveland, New York and Washington, in United States press chains instead of direct from London.

Those who criticize the party system do so not without some cause. It has some defects, I admit. It sometimes leads members to forget the basis and functions for which political parties were formed two hundred years ago, for the greatness of the country and the welfare of its people. But when you criticize its faults, do not also forget its virtues and what it has done in the old land and in the empire for good government and for government of the people by the people

and for the people. It has given the mother of parliaments the good government it has had and its modern reforms for the benefit of the masses and of the suffering millions and the free parliamentary institutions under which we live to-day, which guarantee us liberty of the press, a free pulpit, liberty of the universities and freedom in the legislatures. Surely that is something we should all be proud of. Parliamentary government may not be as efficient as we should all like to see it, but I urge upon the Minister of Justice, who is respected by the Irish as by all classes, to answer the criticisms that we have heard from within and without. The best way in which those criticisms can be answered is for us to bring about certain reforms that are badly needed. From within, let us reform our parliamentary system, our constitutional system, our cabinet system, our electoral system, and let us have the necessary law reform so as to bring all those departments of our administration up to date, making it more efficient in order to give more expeditious redress for the evils of the capitalist system—a good system if it will clean its house of errors—and allowing us to organize that system so that the workers may share in its benefits. That is so far as criticism from within is concerned. As regards criticism from without, we shall still be where we were in 1812; we shall still be completely dependent upon the motherland for our defence.

I do not wish to criticize the press, because I realize that it, too, has its burdens to bear in a day like this, and must be run from the commercial aspect. In fact, in connection with the newspaper bill I paid my tribute to the press. There are only two agencies whereby the people can be kept informed of our parliamentary institutions; one is the press and the other the radio. Unfortunately however people are too ready to jump to conclusions from what they read and hear over the radio. They have heard that nothing is done "on the hill"; nothing is done by the House of Commons and the Senate. I suggest that the press should give all the facts. This is the forty-seventh day of the session, but I have not read in one morning paper—and I read them all—an adequate or impartial account of what is going on here. The press owe it to the public to give full information of the proceedings of parliament, because they have a franchise of goodwill from the public. I repeat, I am not criticizing the press. There are two evening papers in Toronto and one morning paper and I fully appreciate the good work they all do. But after all, you cannot answer a newspaper, and they do not give all the facts to the public. What I say with respect to the press here is applicable to the press of the old land, since the demise of the *Morning Post;* and in the United States there is the same trouble. The present president has almost no press supporting him.

In conclusion, Mr. Speaker, I move the second reading of the bill. I should like to see it go to the elections committee because there is the great principle of good government involved in it. I am sure it would serve many admirable purposes. It would prevent many abuses, it would be useful to the dominion as it has been to the municipalities, and to the provinces, and it would be in the interests of good government to make some answer to the criticisms that have been levelled against this house and against our parliamentary institutions. Either the Minister of Justice or the Secretary of State should, I submit, consider the question of enlarging the powers of the committee on elections in order to give them an opportunity to study the matters involved in the bill and to take into consideration the question of referendum, which has been so advantageous to the taxpayers in the provinces and in the municipalities; and also other election methods regarding the use of billboards and the radio, with a view to bringing about needed reforms in the interests of the people.

Hon. FERNAND RINFRET (Secretary of State): Mr. Speaker, the purpose of the bill is to place upon the statute book certain provisions whereby the government may take a referendum on any question of importance. May I point out in the first place that this bill will not establish a right. The government may at any time order such a referendum, provided it is authorized by an act of parliament; and this has been done before, at least in one instance to which I shall refer in a moment.

Let me say at once that so far as I am concerned I am in favour of the principle of the bill. I am in favour of having on the statute book some provisions by means of which the government may in exceptional circumstances have a referendum or take the votes of electors, properly qualified, on questions of importance. I do not however agree with the mover of the bill that some of the questions to which he has referred should have been submitted to the electors. In the first place, the government should take its responsibility wherever an emergency or a question of importance is concerned involving the general administration of the affairs of the country. In such circumstances, I submit that the government should assume its responsibility, bring down its policy to the house, and let hon. members, duly elected and properly qualified to do so, discuss that

policy; and members of parliament should also assume their responsibilities in the matter. In other words, I am not carried away by the modern idea that the government is concerned only with minor matters and that as soon as any question of importance arises it should consult the people and have a referendum on any question that occurs in the ordinary course of administration. I admit that there might be exceptional circumstances in which it would seem advisable to consult the people by means of a referendum, and to that extent I agree with the bill; and instead of leaving it to the last moment it might be advisable to have on the statutes electoral machinery whereby that end would be attained.

I have looked into the political history of the country to find instances of a referendum having been held, and I can find only one occasion on which a dominion-wide plebiscite was resorted to. That was in 1898 when the Laurier government held a referendum on the question of prohibition. The government had a bill adopted by the house during the session of 1898. It was assented to on June 13, the title being "An Act Respecting the Prohibition of the Importation, Manufacture and Sale of Intoxicating Liquors." I have in my hand a copy of that bill. The act became obsolete after the referendum, or the plebiscite as it was called, and consequently it does not appear in the revised statutes of 1927. It not only authorized the government to hold that plebiscite, but it also provided the electoral machinery by means of which that could be done. Section 3 stipulated the question to be submitted, which was as follows:

> Are you in favour of the passing of an act prohibiting the importation, manufacture or sale of spirits, wine, ale, beer, cider and all other alcoholic liquors for use as beverages?

Section 4 provided for the proclamation of polling day and section 5 set out those who might vote. Section 6 reads as follows:

> For the purpose of submitting the question to the electors, obtaining an answer thereto, and ascertaining the result of the vote, the same proceedings, as nearly as may be, shall be had as in the case of a general dominion election, and the Dominion Elections Act and the North-west Territories Representation Act, and their amendments, and the Franchise Act, 1898, shall, subject to the provisions of this act, and of any regulations, orders or instructions made or given by the governor in council thereunder, apply, mutatis mutandis, to the conduct of such proceedings, and with respect to the powers to be exercised, and the duties to be performed by, and the rights, obligations, liabilities, qualifications and disqualifications of, judges, officers, electors, and all other persons, and with respect to offences and the penalties which may be incurred.

Perhaps I may be pardoned for placing these questions on *Hansard*, but this is an act which cannot be found readily to-day outside of the library. I thought that hon. members would like to know how the plebiscite was taken at that time. The legislation provided for the taking of the vote, how the ballots should be marked, and the returns made. Hon. members will remember that although that plebiscite gave a majority in favour of prohibition, it disclosed a great divergence of opinion throughout the country, and the government hesitated to act according to the results. Perhaps I might pause here to draw the attention of hon. members to the fact that even this way of legislating is not always the best, nor is it necessarily productive of good results. What the government did was to place the Canada Temperance Act upon the statute books at a later day, which act is still on our statutes. It provided for local referendums, if I may use that term, leaving it to each territory to decide whether they wanted to come under the act Although this act is still on our statute book, it is in force in only three parts of the country, in Manitoulin Island, in the province of Ontario; Thetford Mines in Quebec and in Lisgar and Marquette in Manitoba. I am informed that some two hundred local elections have been held since the act went into force. Certain parts of the country expressed a desire to come under the act, and later on asked that it be allowed to withdraw from its operation.

This bill proposes to enable the government to proclaim the taking of a vote or referendum on certain questions. That right is already in existence and has been exercised by a former government, which passed legislation, as I have indicated, to permit balloting on a particular question. Never to my knowledge has there been a general disposition given to a government, as is proposed to be given by this bill; there has always been in contemplation a special question upon which a referendum was to be held. I do not think this bill is sweeping enough in its provisions. It is limited in its scope by sections 4 and 5. Section 4 states that the holding of a poll and the taking of a vote under this act shall be on the day fixed for the holding of a general election. That means that this bill could not be applied in an emergency or in respect to any question of national importance which might arise during the course of a parliament. Apparently it is meant to apply to questions upon which parliament would not care or dare to take an attitude, something which the members would rather have referred to the electorate at the same time as a general election is held. Then section 5 states:

The provisions of the Dominion Elections Act, 1938, and regulations made thereunder in so far as applicable, shall apply to the taking of the vote and making returns in respect thereto.

If the provisions of the Dominion Elections Act are to apply, it would mean that seven weeks must elapse between the instituting of a referendum and the taking of a vote. I do not think I am far astray when I say that if a referendum is needed, it would be in a time of emergency and not at some fixed date every four or five years when a general election is held. Then seven weeks must intervene between the time a plebiscite is announced and the ballot is taken. I think that part of the bill might well be reconsidered. It should be redrafted and studied by the special committee on electoral matters. I suggest that that committee should consider ways of permitting the government to hold a referendum, not on a fixed date when a general election is to be held, but at any time when it might be thought necessary and advisable so to do. The committee should also try to reduce the time between the proclamation of a plebiscite and the polling date.

Under our present electoral laws the voting lists are prepared on the eve of an election. There are no standing lists kept here in Ottawa, and perhaps that is one difficulty to be faced. A period of seven weeks may be necessary in connection with a general election when every precaution must be taken, but it might be possible to shorten that period in the case of a referendum. If the referendum provided for by this bill is not to be merely a means of having certain questions decided directly by the people outside of parliament; if it is intended that this type of referendum shall be a means of reaching the people in a time of emergency, it is essential that the bill to provide the machinery by which a ballot may be taken should not be limited in its provisions as to the duration of time or the date upon which a ballot shall be taken. Therefore, Mr. Speaker, I am quite willing as far as I am concerned, to support the bill on its second reading, but if the bill is read a second time I shall move its reference to the special committee.

Mr. CHURCH: My bill will not affect the rights of minorities.

Mr. SPEAKER: Order.

Mr. H. J. BARBER (Fraser Valley): Mr. Speaker, I am pleased that the minister (Mr. Rinfret) accepts the principle of this bill. While I am not prepared to speak on the bill to-night, after hearing from its sponsor I should judge that the government would be anxious to grasp this opportunity of referring some of Canada's main problems to the people. I have in mind, for instance, the railway problem. We know perfectly well that the government will not tackle this problem to-day because of the railway vote in this country. Therefore I think it would be a very fine thing if during the next election the government would submit the question to the country and secure from them the voice of the Canadian people. It is a problem that means life or death economically to this dominion, because we are going behind $1,000,000 a week on account of the national railways, and we cannot continue to do that much longer. The government is not prepared to step out and tackle this problem, and I should think it would be a very fine thing to submit it direct to the people of this country. I do not see, therefore, why the government should not accept the principle of this bill and incorporate it in the statutes.

Mr. WOODSWORTH: Is it the idea of the hon. member that the referendum should take place at the time of the election?

Mr. BARBER: I should certainly say so.

Mr. HEAPS: What would you submit to the electors?

Mr. BARBER: That is up to the government.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I do not like to throw cold water on the enthusiasm of the supporters of this bill, but while I have no objection to second reading being given and the bill being referred to a committee, I am not so cheerful about this method of submitting to the people grave and important, or less important, questions at the same time that they are voting on who shall be the candidates to represent them in parliament and constitute the government of this country for the next four or five years.

The responsibility of the electors on polling day in a federal election, their choice of the candidates who shall be the government of Canada and represent them in parliament, is important and serious enough in itself; and goodness knows there are questions enough arising out of the programs of the various parties which are submitted to the electors without asking them at the same time to vote as is done in municipal elections on still further questions, even one—and it may be one or two or three, because there would be no limit. But who will compare a federal election and the selection of members of parliament with a municipal election? I do not think any member of the house will say

that they are at all comparable. To my mind it would simply confuse the electors to have further questions submitted to them on polling day in a general election.

The hon. member for Fraser Valley (Mr. Barber) referred to the railway problem. If there was a referendum on the railway problem at the time of a general election, the question would undoubtedly be discussed and it would only add to the confusion. The people would require the candidates to pronounce themselves on the question which was the subject of the referendum.

Mr. BARBER: I think the minister is perhaps confusing the two things. If at the time of polling there was a separate referendum or ballot, it would not necessarily be confusing to the people as it is now.

Mr. LAPOINTE (Quebec East): I am afraid it would. I am not at all opposed to the principle of submitting some questions to the people of Canada, and in spite of the fact that it would perhaps involve a large expenditure I certainly would favour holding any such consultation of the people at some other time than on polling day in a general election. I think the electors have enough to do on polling day in selecting the candidates who shall be their representatives for the next four or five years, and with the multiplication of parties and groups which appears to go on rapidly all the time, I think there will be enough ballots submitted to the electors without adding any further questions of public policy for them to decide.

Motion agreed to and bill read the second time.

Mr. RINFRET: I move, Mr. Speaker:

That this bill be not referred to the committee of the whole, but that it be referred to the special committee appointed to study and report on matters pertaining to elections and electoral districts in Canada.

Motion agreed to.

CIVIL SERVICE ACT

APPOINTMENT OF SECRETARY TO CIVIL SERVICE COMMISSION

Mr. ARTHUR J. LAPOINTE (Matapedia-Matane) moved the second reading of Bill No. 24, to amend the Civil Service Act. He said:

(Translation) Mr. Speaker, on the second reading of this bill which I have had the honour to introduce in the house, I do not intend to make a speech, but simply to offer a few brief observations.

As I explained when the bill was read for the first time, I am of opinion that the appointment of the secretary to the civil service commission should be made by the government and not by the commission. The position is just as important as that of a commissioner, if not more so. Indeed, it may be said that the secretary is the mainspring of the commission. Moreover, as the government habitually appoints the officers of commissions which it creates, why should it not do likewise in the case of the civil service commission? This position is equivalent, to my mind, to that of a departmental deputy minister, and deputy ministers are appointed by the government.

The secretary of the civil service commission, being the link between the commission and the public, should be acceptable not only to a section of the country but to the entire dominion. It is not a question of making a political appointment, as certain newspapers have suggested, but of making an appointment satisfactory to the Canadian people and not only to the civil service commission. The impression is daily gaining ground that there has arisen in this field what amounts to a bureaucracy, more powerful than the government itself. On the other hand, it is believed in certain quarters that the civil service commission is simply a shield and that members of parliament are responsible for appointments which in reality come under the exclusive jurisdiction of the commission. Such is the case, for example, in the appointment of a customs officer, a lighthouse keeper and a post office caretaker at Matane. Although these three appointments were made by the civil service commission, certain people have sought to spread the impression that they were political appointments for which I was responsible, when in reality I had nothing to do with them. Such is the situation.

In submitting this bill to the consideration of the house, Mr. Speaker, I have but one purpose—to improve conditions in this domain, so that the public interest may be served. I trust it will meet with the approval of the entire house.

Mr. T. L. CHURCH (Broadview): The bill of the hon. member is not one which in my opinion should receive the support of this house. One of the institutions to which we can look with a great deal of admiration is the British civil service from which pattern ours is formed. When all is said and done, no form of responsible government, whether parliamentary or municipal, can go on without having good and efficient heads of departments. As one who has had a great deal of experience with public servants in federal, provincial and municipal affairs, I can say that

fortunately the officials we have in all departments of government at Ottawa are the backbone of the good government we have under modern conditions. As members of parliament we are here to-day and away to-morrow. The backbone of any system of government is found in the permanent public servants and heads of departments, officials who give their lives to this work at small pay. They work hard and give most efficient and honest service.

Years ago parliament created a civil service commission. That commission has been handicapped from lack of a free hand and support. When I was a member sitting on the government side of the house I took the same position as I do now, namely that we should have a proper civil service commission and that they should be absolutely in control to promote honest and efficient government and give value for the taxpayers' money. It is true that in some ways it has permitted the employment of too many officials, but that applies in all departments of government, public and private. In private service the same conditions may apply; but it can be said that our public service in Ottawa is a good service. You, Mr. Speaker, have had a great deal of parliamentary experience; you are a distinguished man in educational and legal and commercial matters. You will agree that, whether in academic, legislative or business affairs, the backbone of the business is an efficient administrative service. How are we to get efficiency if the commission cannot even appoint a secretary? I do not care whether the secretary is black or white, Jew or Gentile, English or French or Irish, as long as he is efficient, because the first thing in connection with the appointment of a secretary is to find out the qualifications of an applicant for the office, whether he has experience, training and capacity; whether he will give value for the taxpayers' money, and all that sort of thing. If we are to interfere with the civil service commission as this bill proposes, on the ground that the commission is appointed by the governor general in council, the commissioners will not have power to do anything but act as office boys through an organization, the governor general in council, which Sir Robert Borden called a political body. If you ask me, the principle of the bill will not conduce to good government, to an efficient public service, or to value for the taxpayers' money.

The bill first says that it is an act to amend the Civil Service Act.

His Majesty, by and with the advice and consent of the Senate and the House of Commons of Canada,—

—amends several statutes, including the revised statutes, chapter 22; the statutes of 1929, chapter 38; the statutes of 1932, chapter 40; the statutes of 1938, chapter 7; and here is the fifth amendment since the commission was created:

[Mr. Church.]

1. Section three of the Civil Service Act, chapter twenty-two of the revised statutes of Canada, 1927, as amended by subsection two of section thirteen of chapter forty of the statutes of 1932, is further amended by adding, at the end thereof, the following subsection:

"(9) The secretary of the commission shall be appointed by the governor in council.

Under the rules of the house the hon. member must give an explanatory note, and this is the only explanation he gives for a change which, if made, will practically reduce the civil service commission to a lot of office boys. The explanatory note says:

The position of secretary to the civil service commission already exists under the civil service classification. The purpose of this bill is to provide that the appointment of the incumbent thereof shall be made by the governor in council.

If the civil service commission are not competent to choose a secretary, how are they fit to choose clerks, deputy departmental heads, and stenographers, and the experts for the board we were considering last night as well as for some fifteen or twenty other boards under the commission system? I may say to the mover of the bill that if we do not abolish some of these royal and other roving commissions, the royal commission system will abolish the House of Commons. That is what it is coming to, if we do not regulate some of these things and prevent overlapping, and see to it that those whom we appoint have a free hand to administer the system from a business and commercial aspect.

Mr. LAPOINTE (Quebec East): How about the referendum?

Mr. CHURCH: If this bill passes, from the viewpoint of efficiency of the public service we might just as well abolish the civil service commission altogether if it is not to make an appointment of this kind; and unless we cease to appoint additional royal commissions we might as well abolish the House of Commons, and pronounce "earth to earth, ashes to ashes, dust to dust" upon our parliamentary institutions.

As I have said, I know a great many of the officials. Take our learned clerk of the house, the dean of the House of Commons; also the able assistant clerk of the house. We owe a great deal of the efficiency of the house to our clerk: and assistant clerk. The clerk is practically the secretary and manager of the house, although he is called the clerk of the

house. I believe that on a day like the seventeenth of March the Irish should pay tribute to so good an official, although he belongs to another race. Suppose he were appointed, not for efficiency, not because he knows the rules and regulations so ably, and has written such a fine text book on parliamentary and constitutional procedure, which the other day was quoted in the British house; I say, suppose we had allowed the appointment to be made by the governor general in council, I doubt if he would ever have been here.

It is nine o'clock, Mr. Speaker. I thank the rules for that, and I now move the adojurnment of the debate.

PRAIRIE FARM REHABILITATION

AMENDMENT TO EXTEND PERIOD OF OPERATION OF ACT, ETC.

Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill No. 36, to amend the Prairie Farm Rehabilitation Act.

He said: This bill does not affect the principle of the original act in any way. It is simply to give effect to what we attempted to do in 1937, but it was found that the limitation in the act which would end its activities in 1940 was not removed. It is also proposed now to make legislative provision for what was previously done under a vote of a certain sum of money by this house. It has been suggested by those who are checking the expenditures in connection with this branch that it would be much more satisfactory if the powers which the minister now has under regulations and under the vote itself were put in legislative form. For example power is given to purchase land. That simply means that sometimes where we undertake to build dams we have to purchase land, and have done so ever since this legislation was enacted. On other occasions where we are setting up pastures it has been necessary to purchase certain lands, particularly those associated with buildings which may be used in the establishment of pastures. That is now covered by a section of this bill rather than merely by a vote of the house of a certain sum of money for carrying on that work. The same is true with regard to the purchase of machinery and with regard to agreements with provinces and cities and municipalities.

On the occasion of moving the first reading of this bill I intimated to the hon. member for Weyburn (Mr. Douglas) that before further discussion took place I would attempt to have all the information asked for by the hon. member for Qu'Appelle (Mr. Perley) laid on the table. That information is not all compiled; I had to send to Regina for some of it, but it will be complete at the beginning of next week and can be just as well discussed when the bill is in committee, probably more properly then than now. If that is not satisfactory to the hon. member it can be discussed fully on the estimates having to do with rehabilitation.

In view of the fact that this bill does not affect the principle of the original act, I suggest that it be permitted to go to the committee where its clauses can be fully discussed.

Mr. E. E. PERLEY (Qu'Appelle): The minister has stated that it is desired to extend the act so that there will be no termination of the operations under it in 1940; also that power be given to the minister to expend sums voted by this house. I suppose that later on the estimates will include a stated sum to be used for prairie farm rehabilitation.

Prior to 1934-35 there was an unparalleled climatic condition extending over a large area in the southern part of Saskatchewan and part of the other prairie provinces, which brought about distressed conditions in that area. For a number of years there were crop failures, and it looked for a time as though that part of the country might be turning into a desert. The municipalities in that area and the provincial government could not cope with the situation. An appeal was made to the federal government for assistance, which I think all will agree was granted, and the situation was met as far as possible. After careful investigation by the Minister of Agriculture at that time the situation was considered so serious that the federal government offered to assume full responsibility with respect to relief, schools, roads, et cetera, in a certain area, taking it over as a federal area. There was correspondence between the then Prime Minister Right Hon. R. B. Bennett, and the premier of the province, who happened to be the present Minister of Agriculture (Mr. Gardiner) with respect to that proposal. I have a copy of the correspondence. But apparently the two governments could not agree and that area was never taken over by the federal authorities.

In 1935 the Prairie Farm Rehabilitation Act was passed, providing for the setting up of a committee, with the main purpose of reclaiming and rehabilitating the area. Many projects were undertaken, including experiments in control of soil drifting, conservation of water, and other worth while projects; the main object being to reclaim the land and rehabilitate the farmers in the area.

In 1935 there was a change of government. The act however continued. It was amended in some minor respects in 1937, but the government of the day has been carrying on that work. I believe they have been seeding large areas to grass in order to try to get it back to pasture. I agree with the main principle of the bill, and I think the government would be well advised to continue the work. The area involved has in the past made a considerable contribution to our export trade. It has had a wonderful record from the production standpoint, particularly prior to 1930, and I believe that that same area may yet regain the position it held prior to 1930 and be capable of producing as much new wealth as any area of similar size anywhere in the west. Certainly if we have a reasonable rainfall for three or four years in succession we shall soon return to that condition.

In the last two or three years those in charge of prairie farm rehabilitation have set up an organization which in regard to size of staff is out of all proportion to the work that they are doing. Salaries and expenses are beyond all reason. If you look at pages 56, 57, 58 and 59 of the auditor general's report you will see the names of the employees of this department, together with their salaries and expenses, and I believe after careful study you will agree that the statement I am making is correct.

This amendment certainly gives the minister wide power. He can undertake almost anything he wishes. As he said a moment ago, he can lease and dispose of land as he sees fit. Section 12, which is a new section, states:

> The minister may, for the purposes of the act, purchase or rent whatever machinery or equipment may be required in connection with the development, construction or operation of any project, or scheme, and may sell or otherwise dispose of such equipment upon such terms as he may deem desirable.

All this can be done without the approval of the governor in council, which is required under sections 10 and 11.

The minister stated a moment ago that he proposes to give certain information when the bill is in committee, information for which I asked and in regard to which an order was passed on March 6. This has to do with the number of engineers, supervisors and employees of all kinds engaged under the act. I believe we should have that information, as well as a good deal more that I can think of. We should have all the contracts that have been entered into, all the contracts that have been sublet, as well as the leases of land and equipment that have been entered into. It will be noted that the bill gives the minister power to lease and rent machinery, land and so on. I think we should have this information in order that we may understand how the work is being carried on. We know that in this area—and I believe this applies to almost all of Saskatchewan—there is not twenty per cent of the horse power that is required properly to carry on farming in the district. As I have previously said in this house, the minister would be well advised to consider assisting the farmers in some way in making the first payments on power equipment. I cannot think of any better way to rehabilitate the farmers and encourage them to stay on the land. That may not be possible under this act, but I suggest that any industrial organization carrying on work of this kind certainly would see to it that salaries and expenses were cut about in half. If the minister could do that, it would be a great saving to the treasury, and perhaps some provision could then be made for the assistance I have suggested.

As I said a moment ago, I approve of many of the projects that have been undertaken, particularly those having to do with water conservation. Just here I suggest to the minister that, since certain rivers and streams have been dammed—I think it is under this act that a dam is being constructed near Saskatoon—the board in Regina will have representations made to it in regard to damming the Qu'Appelle river at certain points, and those representations should be thoroughly investigated. At a point on the Qu'Appelle river near the Crooked Lakes there is a place where a dam could be constructed without great cost which would hold back a considerable body of water, and the same thing could be done at other points with beneficial results. If this were done it would also have the effect of creating breeding grounds for wild fowl and game of the kind, and I know the board in Regina will be requested to make a survey of the Qu'Appelle river in order to see if this cannot be accomplished.

The minister has stated that he will furnish all the information desired when the bill is in committee, which I think is the proper time to ask for it. That leaves me with very little more to say at this stage except this: I am surprised that the minister should be willing to accept the responsibility that will be delegated to him under sections 10, 11 and 12. Under the last section he can do many things, involving large expenditures of money, without the approval of the governor in council. I am also surprised that the Minister of Finance (Mr. Dunning), the watch

dog of the treasury, should agree to allowing any member of the government to have the power that is vested in the Minister of Agriculture by this bill. I am not for a moment imputing any ulterior motive; far from it, but I do not think these provisions can be carried out without arousing a great deal of suspicion. I am afraid the minister is placing himself in a position which may bring about certain charges, perhaps none of which may have any foundation at all. I am a little surprised to see him go this far; I think it is a mistake. However, when the bill is in committee we may obtain more detailed information.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, we are considering Bill No. 36, to amend the Prairie Farm Rehabilitation Act. I was surprised a few moments ago to hear the minister intimate that this is a comparatively unimportant bill, that it does not touch the principle of the act. The other day when the resolution was before the house the minister made a similar statement, and he used this sentence, which he more or less repeats to-day, as indicative of the main purpose of the bill:

Instead of basing our action on order in council, based on regulation, we are asking for legislative authority to do it by order in council.

In the first place, the language used is meaningless; it does not represent at all what the bill does. When I read the bill over I recognized at once that it was a serious departure. I obtained a copy of the original act and the amending act of 1937, and I invite the house to consider exactly what it is doing to-night. In presenting this view I do not wish to imply that I am objecting to the government doing anything that is possible for rehabilitation of the area in the west which was devastated, and assisting in any alleviation of the general farm conditions. What I do want the house to understand, and particularly the Liberal party, is the exent to which in this bill, as in one or two other measures that have already passed, we are departing from the normal democratic parliamentary procedure.

Let us look at the original act which the minister says we are not departing from in principle. It was passed in 1935, and I would ask the house to note that it was what might be termed an emergency measure; it was in recognition of extraordinary conditions in the west, and, very properly, steps were taken to provide for them. For the purpose of my argument, however, I wish to lay it down that it was an emergency measure. One of the main points in the bill was in section 3, which provided for the setting up of an advisory committee, and I want the house to note the constitution of that committee. I quote:

(2) One of the members of the committee shall be appointed chairman by the governor in council.

(3) The committee shall consist of the following:

(a) one representative of the Manitoba Grain Growing Farmers from the drought and soil drifting areas;

(b) one representative of the Saskatchewan grain growing farmers from the drought and soil drifting areas;

(c) one representative of the Alberta grain growing farmers from the drought and soil drifting areas;

(d) one representative of Saskatchewan livestock farmers from the drought areas;

(e) one representative of Alberta range farmers from the drought areas;

(f) one representative of Mortgage Companies of Canada;

(g) one representative of the Canadian Bankers' Association;

(h) one representative each from the Canadian Pacific Railway Company and the Canadian National Railways;

(i) two representatives from the dominion Department of Agriculture; and

(j) one representative of the government in each of the provinces of Manitoba, Saskatchewan and Alberta.

It will be at once recognized that parliament at that time set up that committee as an advisory body, realizing that it was doing an unusual thing in spending money in the way it was; otherwise an appropriation would have been made in the estimates and the whole matter discussed here. But knowing that there was an emergency, and realizing that there was need to expedite expenditure, they set up this non-partisan, independent committee representing the farmers, the cattle producers, the loan companies and the governments of the west, as a committee advisory to the minister. That stood for two years. Two years ago the minister came to parliament and he had section 3, to which I have referred, repealed. In place of that, the following was done:

The governor in council may establish one or more advisory committees to be known as prairie farm rehabilitation committees. . . .

That is the plural note. The first was a strong representative advisory committee.

Mr. GARDINER: It is there yet, practically the same one.

Mr. STEVENS: If it is, then it is time parliament looked into it, because the clause that set up that committee has been repealed.

Mr. GARDINER: We have the power.

Mr. STEVENS: Now we have an illustration of exactly what I was going to lead up to a little later, a government within a government. Parliament provided for that advisory committee; the minister repealed the clause appointing the advisory committee; and now he tells us the committee is still functioning. Under what right it is functioning, what its powers are, what its authority is, I do not know. At any rate here is what was done. The section I have read was repealed in 1937 and the governor in council authorized the establishment of advisory committees—whomsoever they liked—not of the kind to which I have referred, but advisory committees. I say therefore that if that first committee provided for in 1935 is still functioning, it has no legislative or statutory right for whatever action it may take. If the Minister of Justice were here I would ask him whether any action of that committee has the sanction of law. The committee being advisory, that question might not arise. That is the first point. The second point is this—

Mr. SLAGHT: Does the hon. gentleman suggest that, the committee being advisory, that question does arise?

Mr. STEVENS: I should imagine that no legal difficulty would arise, inasmuch as they are advisory. But the point I am making is this. In the act of 1935 there was a section providing for a committee. That committee was set up and in 1937 that clause was repealed and another substituted for it. Obviously, for the purpose of orderly governmental procedure, the first committee should certainly be eliminated and replaced by what was authorized under the second act of 1937. If these committees had any legal power, any contractual power, which I do not think they have, but if they had, then the repeal of the clause appointing them would invalidate any act of theirs from a legal standpoint.

Mr. SLAGHT: But as they have not, what is it all about?

Mr. STEVENS: We might repeal the clause providing for these numerous committees and set up some other form, but still continue the numerous committees, and there would be nothing but confusion. Let me now state my second point.

The statement of the minister that there was no change in principle is one that I cannot accept. In section 8 in the original act of 1935, we have this:

> For the purposes of this act the sum of seven hundred and fifty thousand dollars shall be appropriated and paid out of the consolidated revenue fund of Canada during the fiscal year 1935-36 and for each fiscal year for a further period of four years a sum not exceeding one million dollars per annum as may be necessary to continue and extend the work undertaken under this act.

That was the first act. In other words, parliament in that statute provided for the expenditure of a certain sum of money. In the act of 1937 that clause was repealed and the following substituted:

> For the purposes of this act the governor in council may from time to time authorize the expenditure in each of the fiscal years 1937-38 to 1939-40, inclusive, of sums not exceeding the amount appropriated by parliament in each year for such purposes.

I am not particularly objecting to that. All that amounts to is the lifting of the limitation imposed by the previous legislation. It gives the government very much of a free hand. We now have another amendment, but it will be noted that it limits it in the matter of time to 1939-40. Then we have that section repealed, and the following substituted:

> For the purposes of this act the governor in council may from time to time authorize the expenditure of sums not exceeding the amount appropriated by parliament in each year for such purposes.

This is another point which I wish to emphasize. The original act was an emergency measure, but we now find the act made into a permanent measure.

Mr. MACKENZIE (Vancouver): Not necessarily.

Mr. STEVENS: As far as any statute can be said to be permanent. Any statute may be repealed, but any statute that is passed without any declared limitation, or any statute which repeals a previous limitation, may be considered as being more or less permanent legislation. I want to emphasize the definite change which has taken place in the principle of the legislation. It means that what was originally an emergency measure now becomes a normal statute, similar to any other statute on the statute books. I submit that what the minister is doing by section 2 is not good parliamentary practice. In other words, it is recognized that parliament may authorize the minister or the government to do something under emergency conditions, which under normal conditions would not be sanctioned. I consider we are evading the principle of parliamentary responsibility.

Before I deal with the second section of the bill, let me refer to what the minister said both the other day and to-day. He stated that this bill was to do by legislation that which had previously been done by regulation. The inference was that we were regularizing

the matter more firmly and on better grounds. But section 7 of the act still applies. This reads:

> The governor in council may make such regulations as may be necessary or expedient for the effectual execution and working of this act and the attainment of the intention and objects thereof.

In other words, the minister still has all the powers he previously had to act under regulation, plus what he is to be authorized to do by sections 10, 11 and 12, which are new. The minister suggests that he is voluntarily surrendering some right to act by regulation, but he is doing nothing of the kind. All the rights that he previously had to act under regulation are being preserved, and his rights are being extended by the addition of other sections.

Mr. GARDINER: The first one was all-inclusive.

Mr. STEVENS: It still is all-inclusive.

Mr. GARDINER: Including this.

Mr. STEVENS: It is inclusive, and these are added.

Mr. GARDINER: This was included before.

Mr. STEVENS: It was all-inclusive and it remains in that position. Then section 9 of the act reads:

> The minister shall annually lay before parliament a report of all proceedings under this act for the preceding fiscal year.

There is a matter which I think I should bring to your attention, Mr. Speaker, because in your custody is the proper carrying out of the orders of parliament. It is recognized that where a statute provides for the tabling of an annual report, it must be done. That is not optional, it is compulsory. The minister may have laid the report on the table, but I am advised by the distribution office and the library that there is no such report available. I do not know if a report has been laid on the table since parliament opened; all I say is that the statute says the minister shall annually lay before parliament a report. I have made every reasonable effort to secure it, but as far as I know no report has been tabled. This has a direct bearing on the point raised by the hon. member for Weyburn (Mr. Douglas) and the hon. member for Qu'Appelle (Mr. Perley). If we had this report before us we could intelligently gauge the worthiness of this effort. But we have no such report; it is unobtainable. We are now asked to wait until the bill is in committee in order to get the information.

I am taking no objection to the object of the legislation, but I do take the same objection as I did to the bill to create a film board, and on other occasions. I object to parliament being divested of its control over the expenditure of money. Let me say to my good friends opposite that that is a thoroughly Gladstonian Liberal principle, one which is now accepted in all democratic countries as being perhaps the most sacred right of parliament. I am sorry the Prime Minister is not here to-night, because in theory he preaches that doctrine, and rightly and properly so.

Before I read these new sections, may I say that I do not think they are well drafted. I think they could be put into one section, with three divisions, instead of being left as three separate sections. My reason for suggesting this will be plain when I read the sections.

Mr. GARDINER: A note has just been sent to me by my deputy that the report was tabled when the house opened.

Mr. STEVENS: Then perhaps we should check up on the distribution office and the library of parliament. I sent for the report but I was advised that no such report was available in the distribution office or the library of parliament. I did not know of any other place to inquire.

Mr. ROSS (Moose Jaw): I think they were distributed; I believe I got one in my mail.

Mr. STEVENS: I do not recall seeing any such report. Let us have the report tabled to-night. Let us have it before we go on with the bill.

Mr. MACKENZIE (Vancouver): Page 15 of the votes and proceedings of January 13, 1939, states that the Minister of Agriculture (Mr. Gardiner) presented to the house the report referred to.

Mr. STEVENS: All I am saying is that it is not available.

Mr. MACKENZIE (Vancouver): It is part of the proceedings of this house.

Mr. STEVENS: The laying of a report on the table does not make it a part of the proceedings of the house. It is not printed in votes and proceedings or in any other document, nor has it been printed and distributed. The distribution office tells me that it is not there, and the library tells me the same. It is not available; that is all I have to say.

Mr. MACKENZIE (Vancouver): On a point of order, Mr. Speaker, my hon. friend is an old parliamentarian with much experience,

and he will find the report to which he refers was tabled and therefore is in the possession of the house and available to every hon. member.

Mr. STEVENS: I am not disputing that. I simply said that I sent to the distribution office and the library and could not get it.

Mr. MACKENZIE (Vancouver): But the hon. member conveyed the impression that my colleague—

Mr. STEVENS: I accept the explanation.

Mr. MACKENZIE (Vancouver): I am very glad to hear that.

Mr. STEVENS: Section 10 provides:

The minister may, subject to section four—

I would ask the house particularly to notice this:

—subject to section four of this act—

Section 4 is the section which in the original act provided that the independent non-partisan committee to which I referred "shall consider and advise the minister as to the best methods" that shall be adopted. This new section 10 is made subject to section 4, or subject to the advice of the advisory committee. It goes on:

—and with the approval of the governor in council enter into agreements with any of the provinces of Manitoba, Saskatchewan or Alberta or with any city, town or other municipality within any of the said provinces, or with any person, firm, or corporation, with respect to the development, promotion, construction, operation and maintenance of any project or scheme undertaken under and by virtue of this act or which may be deemed necessary or desirable for the conservation of water.

Mr. GARDINER: Mr. Speaker, if I may be permitted, I have had the return sent down to me here from the office. It is sessional paper 59, dated Friday, January 13, 1939.

Mr. STEVENS: That is a return, but that does not constitute a report tabled.

Mr. GARDINER: It is the sessional paper brought down in connection with the matter and giving a full report of the whole proceedings.

Mr. STEVENS: I take the minister's word, but I certainly could not find it.

Proceeding with my discussion of section 10, it will be noted that the minister—it now becomes the minister—may enter into these agreements, which are very broad and extensive, and the minister in his explanation the other day had this to say. Referring to the number of projects he said that the number "runs into hundreds, and I am not sure that they do not run into thousands." We passed this legislation originally as emergency legislation to deal with the rehabilitation of the drought area, soil drifting, and water conservation. That was the object of parliament at that time. But this has now grown and extended until the minister is to be empowered to enter into agreements with any municipality or any town or any person, firm or corporation, and he has told us that the number of projects already runs into hundreds and possibly thousands. This is certainly entering upon an extremely wide field, and parliament ought at least to give this legislation careful analysis and thought. Good or bad, it merits that.

I have said that section 10 is subject to section 4, and subject to the approval of the governor in council. Let us look at section 11. Here is another added power or authority. It says:

The minister may, for the purposes of the act, and with the approval of the governor in council—

We have eliminated the advisory committee in section 4, and now in this clause it is the minister and the governor in council. And what may he do? He may:

—purchase, lease or otherwise acquire, or sell, lease or otherwise dispose of, any lands or premises which may be required for or included in any project or scheme, upon such terms or conditions as he may deem desirable.

Mr. GARDINER: Which schemes were passed under clause 10.

Mr. STEVENS: All right, but the minister says that the number of projects "runs into hundreds and I am not sure that they do not run into thousands." Those are the minister's words. So now the minister is getting this authority, subject to the approval of council, of course, and I say that if parliament and the government adopt this method of administration of public affairs, obviously the minister has a very free hand. The approval of the governor in council is more or less a matter of form, as is indicated by the extent of the ramifications under the act already.

Then section 12 provides, and here there is no restriction about the governor in council; it is not subject to section 4 or to the advisory committee at all—all that is eliminated:

The minister may, for the purposes of the act, purchase or rent whatever machinery or equipment may be required in connection with the development, construction or operation of any project, or scheme, and may sell or otherwise dispose of such equipment upon such terms as he may deem desirable.

In that clause, at least, we are clothing the minister with a power which I believe cannot be found in any other statute in the revised statutes of Canada concerning any department.

Mr. DUPUIS: May I ask if it goes any further than the blank cheque legislation under my hon. friend's former government?

Mr. STEVENS: That is a fair question, if not intelligent or applicable. I would reply that the blank cheque legislation, so-called, was emergency legislation, just as this originally was. I said at the beginning, but I think my hon. friend was not in the house at the time, that I had no objection to the emergency legislation that was passed, and that I had no objection to this whole program of development and conservation as an emergency proposition. But it is now made permanent, as I pointed out a moment ago. All the emergency features are gradually being deleted by the bill.

Mr. MACKENZIE (Vancouver): No, the emergency is still there.

Mr. STEVENS: Then why not leave the legislation in the form in which it was?

Mr. MACKENZIE (Vancouver): You could not. The time for the old legislation had expired.

Mr. STEVENS: But in numerous cases—as in the legislation respecting repayment for seed, legislation respecting the soldier settlement board, and so on—the acts were extended year after year. The farm loan legislation would have expired some years before it was finally wiped out had it not been extended year after year. There is precedent after precedent for parliament extending the time for operation of an act. The time for this act has not yet expired, because under the existing legislation it runs to the close of the fiscal year 1939-40, which we have not even entered. So there is no urgency in that respect.

I know that opposition members are often charged with saying unkind things to a minister when they criticize his legislation, but I hope the minister will not take my remarks in that way, because there is nothing personal in what I am saying. It is simply a question of principle. I do not care how efficient the minister is or may be; I say it is not good legislation to clothe a minister with the powers with which he is being clothed in this bill and in the form of this legislation. That is the whole point of my remarks. I think it is a dangerous course to pursue. As I said the other day, we are handing over to bureaux and boards and commissions the responsibility for the expenditure of money over which parliament exercises little control. In this case I looked through the main estimates, and I could not find the item there. The minister will correct me if I am wrong, but I suppose it will come in the supplementary estimates—the minister nods his head—in the form of a lump sum, and will be called a statutory vote. That is the kind of thing we do right along. The estimate will come up and someone will question it; the minister will say, "This is a statutory vote, authorized under the farm rehabilitation act," and being a statutory vote it goes through in a lump sum—a vastly different thing from the ordinary procedure where the estimate comes in and is reviewed and the government is accountable direct to parliament for every dollar of expenditure.

What I have said is not with the purpose of reflecting on the minister, but I think this legislation is highly dangerous. It is a bad precedent. It is not an innovation; yet in a way it is a precedent, and it is an unwise course to pursue. We should have done far better to completely revise this legislation, if the continuance of the drought makes it necessary, and bring the whole business of western farm rehabilitation into permanent form so that parliament could review it from time to time just as it does with any other analogous activity such as the grain board or the board of transport—that is, in the regular way.

Mr. MACKENZIE (Vancouver): They have done so, every year since it commenced, and very fully, as the hon. member will see from the records of *Hansard*.

Mr. STEVENS: I would not say so. We are departing from even the emergency legislation. I object to it on these grounds.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I agree with very much that has been said. Particularly do I think it is in the interests of this house and of parliament that wide powers of this description should not be given to any one individual minister. I dislike the idea of many commissions, but I believe that in this particular case, where we have to deal with the rehabilitation of a wide area, which is not now an emergency measure, the powers might be vested in a commission; and I say so because I believe the minister himself, whether he be the present minister or if a change occurs following the election, the succeeding minister, will always be subject to the criticism that he is using this act in order to distribute political patronage. Rightly or wrongly, that is said at the present time.

Mr. JOHNSTON (Lake Centre): Will the hon. gentleman permit a question?

Mr. COLDWELL: Yes.

Mr. JOHNSTON (Lake Centre): Is the hon. gentleman suggesting that an emergency does not exist to-day in the western provinces?

Mr. COLDWELL: What I actually said was that this is no longer an emergency. An emergency is something which passes quickly and the emergency is done with. In my opinion, we are faced to-day with a condition which necessitates not an emergency policy but one which will have to be continued for a considerable length of time. As the hon. member who interrupted me well knows—

Mr. JOHNSTON (Lake Centre): Because there are emergent conditions.

Mr. COLDWELL: As the hon. member well knows, the area yet to be rehabilitated in western Canada is of tremendous size, and possibly undertakings which we have not yet even considered will have to be instituted before this area is fully rehabilitated. For instance, the irrigation projects which have been undertaken in the last several years have been excellent to a limited extent, but I believe that either the grassing of large areas and their virtual abandonment as arable areas will have to be undertaken, or in the alternative a much larger and wider type of irrigation will have to be undertaken. Therefore I say that this is not, in the sense in which we usually use the term, something which is passing and just a temporary emergency; it lies much deeper than that.

I do not intend to go to-night into any details of this bill. I intend more or less to fall in with the suggestion of the minister and discuss it next week. But I agree with the hon. member for Kootenay East (Mr. Stevens) that this bill ought to be carefully considered by parliament, and that the house should understand thoroughly the wide powers which are being given the minister under the bill.

I know that this problem has been before the house a great deal during the lifetime of the present parliament, and I know that a number of hon. members who are not resident in western Canada have visited the area since they were elected to this house. That, I think, has been all to the good, because there are hon. members from all over Canada who have some understanding of this tremendous problem; and in my opinion the future welfare not only of the area affected but of the entire dominion is involved in the

question of prairie rehabilitation problem. Unless we can rehabilitate the western plain which has been injured either by drought or by high winds or by soil content depletion or something of that sort, the entire dominion will suffer in time to come.

I would suggest just this, too, that while there may be justifiable criticism of the number of persons employed on this rehabilitation scheme and of the amounts which are expended in inspection and travelling and office salaries and so on, I would not associate myself with the comment—which, although it may have been so understood by some hon. members, was not, I think, so intended—that we are paying too much money to the scientists who are engaged in these projects. As a matter of fact many of the soil chemists and engineers and so on who are doing a magnificent work in connection with these projects are badly underpaid individually.

Mr. ROSS (Moose Jaw): And overworked.

Mr. COLDWELL: And overworked. I should like to see, when the minister presents his estimates, a substantial increase in the remuneration which those efficient officials are receiving.

I do not rise particularly to criticize the projects which have been undertaken. I think they run into hundreds, perhaps, as the minister indicated, into thousands; but of that we shall know more next week. Of the projects which have been undertaken, I believe every one has performed a useful service to the farmer or to the community in which it has been undertaken. I want to see this work carried out and continued; for I believe that not only will rehabilitation have to be undertaken as has been indicated, but much more will have to be done. Possibly we shall have to consider how we may best protect the interests of the people who are on some of this land and resettle them elsewhere. We have only touched the fringe of the problem. I hope too that when we do rehabilitate this region we may find places where we may dispose of the produce that will be grown there.

I do not propose to say more except to emphasize that I believe it is a mistake to confer such wide powers on the minister; it would have been better to adopt another method of supervising and carrying out this work.

Mr. J. H. BLACKMORE (Lethbridge): Every year I have expressed commendation of the forward-looking steps which the government is taking with respect to prairie farm rehabilitation. I believe the proposals indicated in sections 10, 11 and 12 of this bill

are all necessary. We in our generation must do the planning which the past generation neglected to do with respect to the Canadian west, and these sections indicate that we are preparing to do that. As to whether or not it is advisable to give all these powers to the minister, I am not prepared to make any pronouncement. The powers must be placed somewhere, the activities performed and the projects undertaken; and if the minister finds the responsibility too much for him, he will I am sure in the course of a year or two bring down legislation to confer these powers upon a commission. I have confidence in the minister to that extent. Once more I commend him for his action looking to greater activity in carrying on prairie farm rehabilitation.

Hon. J. G. GARDINER (Minister of Agriculture): I desire to say just a few words in reply to some of the suggestions made. Very careful consideration has been given to the salaries paid to officials, and the wages paid to those employed under this act, since the present government came into office, and I believe before. Before we came into office a staff had been employed under the legislation of 1935, and most of those who were in positions of authority at that time are still in the employ of the government carrying on this work. As the work grew it became necessary of course to employ others, and as the expenditure of money increased it became necessary to employ more and more people in the proper expenditure of the money made available by this house. The salaries for the different positions have been referred to the civil service commission in order that we might be assured that they have some relationship to those of persons employed in similar work in other departments. In April 1938, I think we brought down for the first time our recommendations for increases in salaries, and those recommendations have been so carefully checked that it was only within the last two or three weeks, or certainly within a month, that they have been authorized by the government through the treasury board. We had the civil service commission make the most careful inquiry into any increases in salary that were made, or increases in payments to officials who were drawing salary; and I believe all the care that could possibly be taken in that connection has been taken under the direction of the treasury board.

It was stated a few moments ago by the hon. member for Kootenay East (Mr. Stevens) that very wide powers were given in section 7 of the original act. That section reads:

> The governor in council may make such regulations as may be necessary or expedient for the effectual execution and working of this act and the attainment of the intention and objects thereof.

I cannot conceive of any wider powers being given than were given in that section. It gives to the governor in council power to make regulations, and under those regulations certain powers have been given to the minister. By this legislation council had the right to do what we are now asking parliament to do, namely, to instruct the minister to do certain things, without their having been specifically placed in the legislation at all. There is not a single thing referred to in sections 10 or 11—I am not certain about 12—that was not done under the minister while the previous government was in office; not a single thing can be done under sections 10 and 11 that I have not been doing for the last three years.

At the time the legislation was placed upon the statute book it was thought, as the hon. member for Kootenay East stated, that this might be a temporary measure. But as the hon. member for Rosetown-Biggar (Mr. Coldwell) has just pointed out, I think every hon. member is now convinced that the problem of the prairies was not nearly as "temporary" as in 1935 some of us hoped it might be. We have had another four years' experience with it, and everyone who has visited that section of Canada realizes what was stated a few minutes ago by the leader of the Social Credit group (Mr. Blackmore), that if in the early days the government of Canada had taken more care with the settlement of that section of the country, we should not now be required to do so much of what is known as rehabilitation work. But that care not having been taken then, it is now necessary to set apart sums of money, provide for the resettlement of certain sections, and make it possible for people to continue living in areas that were settled without proper preparation for settlement.

I say, then, that the activities that will be carried out under sections 10 and 11 of this bill are exactly the same activities that we are now carrying out under regulations as provided for in section 7 of the original act. But it stands to reason that officials in the departments checking expenditures desire that some more specific statutory authority be given to the minister than merely the power given by the governor in council under regulations made under section 7 of

the old act. What we are really doing is asking parliament to enact legislation giving us powers that were given previously under section 7.

For the purpose of this act there was set up an advisory committee as provided for in the original act. Two years ago, when this legislation was being amended, section 3 of the amending act provided for the setting up of more than one committee; the minister was given power to set up advisory committees—

Mr. STEVENS: And it repealed the other one.

Mr. GARDINER: Well, that was the argument used at the time. We went into that very fully and the then leader of the opposition was fearful that we would not reappoint representatives of practically the same institutions. I assured him at that time that while some of the individuals might be changed, and while we might not think it necessary to have some of the institutions mentioned represented on a committee that was being set up for the purposes set out in the bill, to all intents and purposes it would be practically the same committee. I have not the personnel before me at the moment, but an examination of it would indicate that practically every institution represented here is represented in the same manner as before, in some cases by the same persons; or is represented on the committee with a slightly different personnel and slightly different set-up. But we have other committees in advisory capacities as well, and these committees will give advice to the minister from time to time. It will be noted that the new section 10 says:

> The minister may, subject to section four of this act—

That is, subject to being advised by one of these committees.

> —and with the approval of the governor in council, enter into agreements with any of the provinces of Manitoba, Saskatchewan or Alberta or with any city, town or other municipality within any of the said provinces, or with any person, firm, or corporation, with respect to the development, promotion, construction, operation and maintenance of any project or scheme undertaken under and by virtue of this act or which may be deemed necessary or desirable for the conservation of water.

In other words the act sets out exactly what we have been doing for the last four years. Each time we acted we had the advice of the Department of Justice as to whether we were within the terms of the legislation then on the statute book; and on each occasion we were advised that we were. But we feel that when we are asking the house to make this legislation more permanent than it has been in the past, by removing the date, at the same time we should ask parliament to give us specifically the powers we have had by order in council ever since the original act was passed.

Then section 11 states:

> The minister may, for the purposes of the act, and with the approval of the governor in council, purchase, lease or otherwise acquire, or sell, lease or otherwise dispose of, any lands or premises which may be required for or included in any project or scheme, upon such terms or conditions as he may deem desirable.

This leads us back to section 10, and thus brings in the provision with regard to recommendations by advisory committees. In other words, we undertake these activities as a result of their advice and recommendations. Then we proceed under the other section by order in council to do the very things we are now doing. We have simply set out in this legislation the powers which previously were given us by order in council.

In regard to the last section there is just the possibility that there may be some room for criticism. I suppose I am really breaking the rules of the house in discussing this bill clause by clause at this time, but I am doing so only because it has been dealt with in that way by other speakers. There may be some reason for asking that the approval of the governor in council should be inserted in section 12 as well, and as far as I am concerned I have no objection to that if it should be the wish of hon. members when this bill is in committee. There are such things as these to be dealt with, however. For instance, we have to buy machinery for levelling land to be used in some irrigation scheme. We have the land levelled; we are finished with the machinery, which may be of a type suitable for use by people who are on that land. We may feel that rather than move that machinery to a point a hundred miles away where we are carrying on some other project, with all the expense in connection with such movement, it would be better to dispose of that machinery to the people who are going to remain on the irrigated land. So it may be found necessary to dispose of that machinery in that way.

Mr. STEVENS: It is a dangerous procedure.

Mr. GARDINER: It may be, but it is something that has to be done if we are not to leave the machinery lying in some fence corner. So the machinery is disposed of and accounted for. The only result if the governor

in council were required to consent to a transaction of the kind would be a little delay, but as far as I am concerned I have no objection to that. That is a matter that can be considered when the bill is under consideration in committee. The hon. member for Moose Jaw (Mr. Ross) says we may have to get an order in council to sell a wheel barrow, and I suppose on some occasions it might get down to that.

I do not desire to go into committee on the bill to-night, because of an undertaking I gave the hon. member for Weyburn (Mr. Douglas), who is not in his seat at the present time, but I would ask that it be given second reading now.

Motion agreed to and bill read the second time.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Science service—

11. Entomology, $488,511.

Mr. COLDWELL: What services are included under this item?

Hon. J. G. GARDINER (Minister of Agriculture): The different services that are covered in the records I have here are: field crop insect investigations; fruit insect investigations; insecticide investigations; forest insect investigations; investigations on insects and allied parasites of animals and man; stored product insect investigations; insect taxonomy; parasite investigations, and other investigations and activities.

Mr. COLDWELL: How many persons are employed in this branch?

Mr. GARDINER: There are 207 permanent and temporary employees.

Mr. COLDWELL: I imagine the grasshopper infestation is covered by this item. Would the minister outline what is being done this year in that regard; whether any new methods are being used, and what is the anticipated requirement this year? I ask that question because reports from the west seem to indicate that there will be a serious infestation this year.

Mr. GARDINER: With regard to the first suggestion, that something be said as to what has been done in connection with grasshoppers. I would say this; that, as suggested by the hon. member for Rosetown-Biggar, there was a very bad outbreak of grasshoppers in the western section of the prairie area last year both in Canada and in the United States. Along the southern boundary of Saskatchewn there was a breeding of grasshoppers in very considerable numbers, and crops in the southeastern part of the province were destroyed by grasshoppers very early in the season, before the grain had headed out. Towards the end of July or the early part of August the grasshopper moves from its breeding grounds to new fields, and during that period it moves further north and west with the winds that have carried it into other sections of the province. The grasshoppers destroyed thousands of acres of crop all through central Saskatchewan and some areas of Alberta. They continued to be in outbreak form in the prairies and British Columbia during 1938. The outbreak in the prairies, owing to the peculiar weather conditions, was more intense and destructive than expected, with the result that severe losses took place in Saskatchewan, owing particularly to migrations of insects from the United States. An area of 62,000,000 acres, roughly speaking, was infested in the prairie provinces in varying degree. The grasshoppers attack all cultivated crops. The most important losses are to grain and fodder crops in the prairies and to range grasses in British Columbia.

The insects are controlled mainly by poisoned bran and sawdust bait which is scattered in infested fields. Control campaigns were successful in Manitoba, British Columbia and Alberta and northern parts of the infested areas of Saskatchewan. In southern Saskatchewan serious losses were suffered together with peculiar weather conditions. The crop losses in British Columbia were surprisingly low owing to control work. In Alberta the losses did not exceed three per cent of the field crops and were but a small percentage even in infested areas of Manitoba. The crop destruction in Saskatchewan was severe. The outbreak anticipated in 1939 will cover a greater ac age and will be of greater intensity than that of 1938, but a more thorough organization of control activities in Saskatchewan is expected to reduce greatly the losses from these insects in 1939.

Mr. COLDWELL: As regards the abandoned land in southern Saskatchewan, what steps are taken to look after that area as a breeding place for grasshoppers? Following that question, in order to save time, the minister might give an outline of the steps that have been taken in cooperation with the United States authorities, since migrations came largely from the United States last July and August, along our own southern boundary.

Mr. GARDINER: The United States government have a very large program of control in the states immediately south of the prairie section of the west. The dominion authorities have been in touch with the United States authorities. I know that the Saskatchewan authorities have been in very close touch with them, and I presume those of Alberta and Manitoba have been as well. There is the closest working arrangement between the authorities on the two sides of the line.

With regard to the grasshopper outbreak on the Canadian prairies, it is expected to be much worse in 1939 than it was in 1938 owing to a material increase in the area infested in all three provinces. The infested area in 1938 was 62,000,000 acres, and this is estimated to have increased to approximately 97,000,000 in 1939. The increase in general, however, is in area infested rather than in a spectacular increase in intensity of infestation. That probably is the best comment I can make on the question which the hon. member for Rosetown-Biggar has raised. If there is an area of 97,000,000 acres infested, the infestation is not at all confined to the areas that have been abandoned by farmers. As a matter of fact, judging from the experience that I have had personally, I think the infestation is more likely to be around the edges of fields that are in crop, and not very far removed from them, and probably in areas that were in crop last year. Eggs will be found in the soil in those areas in greater numbers, I suggest, than in the abandoned land. The increase is due in large measure to the unusual amount of migration, both domestic and from the states to the south of us, which characterized the outbreak in 1938. The infested territory in Manitoba increased from some 1,800 square miles to a little over 10,000 square miles. That of Saskatchewan increased from 55,000 square miles to 95,000 square miles.

Mr. MacNICOL: In 1938?

Mr. GARDINER: That was the increase in infestation this year. The grasshoppers laid eggs over an area to that extent greater than the year before. While the territory involved in the outbreak in Alberta increased from 39,000 to 49,000 square miles, the greater proportion of the infested area is below the severely infested category, and though the severely infested acreage practically doubled during the year, it forms a relatively small proportion of the territory infested. With vigorous control campaigns organized by the provincial governments in each province the loss of crop is expected to be reduced to very small proportions, and with more effective control of these insects in the United States, the losses due to migrating grasshoppers is expected to be of little consequence. That is the official statement with regard to the matter. The work on the immediate areas is being done by the provinces. The work itself is not being done under the direction of this government, but we are associating all our officials in this particular branch of the department, who are making studies of these problems here and elsewhere, with the activities of the provinces, in order to make the battle against the grasshoppers as effective as possible.

Mr. COLDWELL: Have the officials any opinion with regard to the common notion among the farmers that if the soil is wet and the spring is late, the cold tends to destroy the grasshoppers' eggs or larvae and therefore ends the pest? I ask that question because I have heard it stated as a matter of fact that in certain areas where there are many grasshopper eggs there was a good deal of rain, and the farmers feel that there is not much that requires to be done because nature will take care of the situation. I should like to have something on the record with regard to that opinion.

Mr. GARDINER: I understand that those who have made a study of the problem are pretty well agreed that merely a wet or cold spell does not affect the grasshopper very much. A recurrence of cold spells and then warm spells, that is, rapid changes in weather over a period, does have some effect in reducing the numbers, but a cold wet spell in the spring will not alone affect them very much. The only safe thing to do is to wage battle against them with poison.

Mr. NEEDHAM: I realize that the problem of treating grasshoppers is largely a provincial matter, but in the past, as far as I know, there has been difficulty year after year in getting the bait. I was wondering whether this government is close enough in touch with the supplying of bait and whether it could help. To be short of bait in the early stages means a tremendous loss a few weeks afterwards. That is a serious matter in the part of the country I represent.

Mr. GARDINER: I understand that all the information has been compiled as to how much poison will be required, what will be required for mixing and feeding it to the grasshoppers, and so on. This information is in the hands of the provincial governments. The task of finding funds to purchase what is required is upon the provinces. I do not know at what stage they are now in their arrangements to secure the necessary supplies in order to carry on the campaign.

Mr. QUELCH: To what extent has it been found that fall cultivation will reduce the menace? This has been advocated in the past but I have never been able to see much difference between a field that was cultivated and one that was not.

Mr. GARDINER: I am informed that fall cultivation has a tendency to reduce the grasshopper movement. The turning up of the soil and the exposing of eggs to the weather and all that kind of thing has a tendency to destroy some of them.

Mr. GRAYDON: What steps were taken by the department to check the army worm movement in Ontario during the past summer?

Mr. GARDINER: There is the same activity in connection with the army worm as there is in connection with grasshopper infestation. We give the same service, and the province or the county does the actual work.

Mr. HAYHURST: I notice there is an increase of $6,180 in this item. I should like to know how many more people are employed in the branch.

Mr. GARDINER: There are statutory increases for those employed, which probably accounts for a considerable part of the increase. I understand there has been practically no increase in staff.

Mr. COLDWELL: The importance of this problem should be thoroughly understood. Could the minister give us any information as to the cost last year of endeavouring to control the grasshopper pest, and the extent of the losses sustained by the farmers?

Mr. GARDINER: We have not complete records as to the particular fight with the grasshopper now being carried on by the provinces, but a similar fight occurred from 1919 to 1923. It cost $1,700,000, and it is estimated that it saved $80,000,000 worth of crop. This will give some idea of what the result would be if there was no battle carried on.

Mr. MacLEAN (Prince): As an eastern member of parliament it was my privilege to make my first visit to the west this past season. Although I have heard this matter discussed on many occasions, it was the first occasion I had of seeing the destruction which the grasshopper can do. For the first time I saw the tremendous destruction that had been wrought on the wheat crops throughout the west, especially around Regina and in certain other sections of Saskatchewan. This small insect cuts off the head of the wheat just where it buds out; the head falls to the ground, and as there is no way of harvesting it, it is a complete loss.

My observations of the farming operations in western Canada lead me to the conclusion that possibly our friends in the west are trying to cultivate too many acres. If they confined their activities to a smaller acreage they might be able to control the situation much better. From my conversations with farmers I was led to understand that if the poison was put out in time and properly placed, it was quite effective. I consider it is a very worthy work that is being done, but I think the surface has hardly been scratched, having regard to what might be done. We have had to face similar difficulties in the east in connection with the potato beetle. Our potatoes are prohibited from entering the English market because of that pest. However, this has been controlled to such an extent that they are no longer considered a menace. We spray for blight and include in the spray a small amount of poison which controls the beetle situation.

Perhaps I may be permitted to suggest to our friends in the west that there is enough wheat wasted on every farm—this applies especially to those with which I came in contact—to keep two or three families in the east. Many farmers in the west apparently have launched out on an elaborate farming operation. On many of the farms I visited I noticed a lot of discarded machinery which may have cost more than the whole farm was worth. I do not know how this situation can be remedied, but my first impression was that they were endeavouring to farm on too large a scale and were spending too much money in purchasing up to date machinery. They were wasting much of the crop that should have been harvested. Could the minister tell me how many are employed in the entomology branch at Fredericton?

Mr. GARDINER: From twelve to fifteen.

Mr. PERLEY: Not long ago the minister tabled his report for the year ended March 31, 1938. On page 85 reference is made to the grasshopper situation, and I should like to quote as follows:

> In Saskatchewan and Alberta the prospect is also for less damage than in 1937, although organized control campaign will be required in both provinces,—

That would indicate that it is not expected the damage will be as great in 1938 as it was in 1937. I appreciate that it is very difficult to make any real estimate, but are we to gather from what the minister has stated that the officials of his department believe the infestation will not be any greater this year than it was last year, or that it will cover a wider area?

Mr. GARDINER: A wider area, yes.

Mr. PERLEY: Of course, we appreciate the fact that the most effective method of control is poisoning in the early stage after hatching. From the experience we had in our district in August, 1936, I do not think there can be any effective control of an infestation if the attempt at control is left to too late a stage. It all depends on control after the hatching stage. I had an interesting chat with a crop reporter from the United States side, and he informed me, from an investigation he had made of the number of eggs laid in our district, that no matter what the climatic conditions might be in the spring of 1939, we were bound to have an infestation and a hatching that would be very serious if there was no control. It looks as if we were in for another infestation in the spring.

Mr. GARDINER: I can only say that I do not think it is possible to forecast exactly what will happen in connection with grasshoppers in any year, but the best information available is that which has been gathered by persons who have been making close studies of grasshoppers over many years. The areas are all mapped out and indicated, and anyone can get the maps and study them for himself and know pretty well what the infestation is in his particular area. In the area in which I farm, which is just north of where the hon. member for Qu'Appelle (Mr. Perley) farms, we had not experienced a grasshopper infestation since I have been in that area prior to last year. The grasshoppers were not hatched in that area; they flew in. They came in during the month of August and started in systematically to destroy the crop, and the thing that astonished me was that they did not work in the same way on any two kinds of crop. They cut the wheat off about eight inches below the head. They cut the stem about half-way through, and the stem fell over and finally broke and fell to the ground. They cut the barley four inches below the head. In the oat crop they took the little tendril that holds the oats, nipping this right off just a few inches below the head. The corn they attacked down near the root. They apparently had their own way of doing everything, and they did it systematically.

While my hon. friend may think you can poison them no matter how thick they are, it is very difficult to do much after a certain stage. I thought they had not got after the grasshoppers in the southern part of my riding as strenuously as they might have done. They had had so many crop failures that perhaps they thought it was not worth while. I went into Oxbow in the midst of the infestation and the gentleman I saw there was the druggist, who had all the poison he needed in his drug store to fight the grasshoppers, and he undertook to kill the grasshoppers in his garden. He said to me that the only green things left in his garden were the lilies in the middle of the little fish pond in his back yard. He took me around to show me how successful he had been, and you could not put your finger on the ground where there was not a dead grasshopper. The ground was literally covered with them, and there was not a blade of green anywhere. The potato tops were eaten off right down to the stem. Then he showed me the lilies, and the tops were covered with grasshoppers. It is an impossibility to get enough poison to kill them off later in the season once they have flown in, but you can control them by poison in the hatching season; in other words before they reach the flying stage. But if the infestation is really bad, it is impossible to kill them all and you have to try to control the movement of them, by spreading poisoned bait. That experience has been going on ever since people have settled in western Canada, and I would suggest that if we were cultivating less acreage we would have many more grasshoppers to eat up the less acreage.

Mr. COLDWELL: There is another popular notion that a certain parasite destroys the grasshopper, as is the case with parasites of other sorts in other countries, and it is suggested that parasites might be introduced in order to destroy the grasshoppers in western Canada. Is there anything substantial in that theory?

Mr. GARDINER: A parasite has been brought in from the Argentine which the department is working on in the hope that it will assist in reducing grasshopper infestations. This work as yet is in the experimental stage.

Mr. STIRLING: Is there any danger of introducing the Australian rabbit?

Mr. HAYHURST: Have there been any experiments in poisoning grasshoppers by airplanes?

Mr. GARDINER: A commercial firm in Lethbridge has tried that. Apparently the poison can be spread very well in this way. Our officers are keeping in touch with the developments.

Mr. ROSS (Moose Jaw): Having lived in western Canada right in the centre of the

infested area, I should like to commend the officers of the department for the work they have done in association with the provincial departments in endeavouring to help control the grasshoppers in western Canada. A good deal of information is put out every year with regard to the grasshoppers; in every post office and bank you will find maps showing the infested areas, and informing the farmer in the fall of the year what methods of cultivation to adopt to keep down the eggs or to kill the eggs then in the ground. It is not a hopeless proposition. Some of us think that because there is a wide infestation and a great many eggs laid in the ground for next year, it may mean a tremendous loss of crop.

The minister in answer to a question a moment or two ago said that wet or cold weather did not necessarily stop the hatching of the eggs, or kill the grasshopper. However, I think the hon. member for Wood Mountain will bear me out when I say that one part of his constituency last year had about ten inches of rainfall from the first of April to the first of July, and it is a fact that no grasshoppers hatched in that area, and no damage was done by grasshoppers where the rainfall was until they flew in there late in the season. Therefore, if we get in the infested area more than the normal rainfall, it is reasonable to expect that there will be little or no damage done by grasshoppers this year. Back in 1935 we had many grasshoppers in a great many areas, and the ground was badly infested, but we had a fairly heavy rainfall in the spring of the year, and if the crop can get along to a fairly good height before the grasshoppers hatch out, they cannot live in a dense crop when they are young, and they must get out or die. The result is that if the hatching is not too early, and the crop has got to the point where the field is pretty well covered, the infestation is not very dangerous.

The hon. member for Prince (Mr. MacLean) spoke of the tremendous size of the farms in western Canada. As a western farmer when I look at some of the fields down here I sometimes wonder why a man bothers to try to turn his outfit around in the field. We have a different kind of farming altogether. I think the farmer from eastern Canada knows better than anyone else how to handle his business, and by the same token I believe the farmer from western Canada knows better than anyone else how to handle his, and is doing it in the most efficient manner that it can be done.

The hon. member also mentioned the amount of machinery used by the western farmer. We do not waste machinery in western Canada. We do not rust it out. We handle such a large acreage that we wear it out in very much less time than is the case in the east. After all, the average farmer in eastern Canada uses a binder on, we will say, 25 to 50 acres, whereas the average farmer in western Canada uses his binder on 150 to 250 acres. Therefore a binder which has been used in eastern Canada on the ordinary farm for about sixty years is equivalent to a binder which has been used in western Canada for seven or eight years, and one can easily see that it might be thought that there was waste where there is no waste.

I want to commend the officers of the department. I have heard criticism before in this chamber about the salaries which are paid to a number of men who are employed in different parts of Canada by the Department of Agriculture. We have some of the most efficient men in that department who could possibly be got in this or any other country. I believe that the scale of pay is, on the whole, a good deal lower than it might be. There is a country to the south of us which to my knowledge has offered on different occasions, to some of the scientists working in our Department of Agriculture, a good deal more money than they received from us; yet they are still holding their jobs here on lower salaries than they could get somewhere else. I do not like to hear criticisms of the scientific men in the Department of Agriculture. The strongest criticism I can make of parliament in relation to this department is that ordinarily we do not spend half enough money in trying to do more, through the department, for the farmers.

Item agreed to.

Experimental farms—

12. Experimental farms administration, $60,020.

Mr. HYNDMAN: I should like to draw attention to the wages paid to labourers at the central experimental farm. I brought this matter up last year and asked for an increase, and I want to thank the minister. I do not know whether he was instrumental in bringing it about, but they were granted an increase of two cents an hour.

In my opinion there is discrimination between the treatment of the labourers who work in the fields and the barns at the experimental farm in Ottawa, and the carpenters. The labourers are paid around thirty cents an hour, while the carpenters, plumbers, et cetera, get eighty-five cents an hour. Last year the minister claimed that the rate of wage paid to labourers who worked on the farms and in the buildings corresponded to

the wages paid farm labourers out in the country. I do not think that that is a fair comparison, because most of the labourers are farmers' sons and they have to pay their board and lodging when they come in to the city. I feel that they should get the same wage as the other labourers. I understand that at the experimental farm there are about eleven divisions, and in each division there are fourteen labourers, who are paid around thirty cents an hour, about five or six men who are paid $105 a month, three or four lady clerks; and also there are about twelve other men whose salaries run up to $6,000 a year. I do not question the efficiency of the heads of these departments, nor am I asking for a reduction of their salaries. All I am asking is that we give a little increase to these farmers' sons who are working on the fields out there, and in the buildings during the winter.

Another thing I should like to bring to the attention of the minister is that there should be some form of retirement allowance for labourers who have worked at the farm for fifteen to twenty years. I have in mind one man out there who will be sixty-five years of age next November. He has been working at the farm as a labourer for the past twenty-eight years. He started at sixteen cents an hour, receiving an increase of one cent an hour up to a maximum of nineteen cents, and now he is getting thirty-two cents, or possibly for the past year he has been receiving thirty-eight cents. He will be laid off this November. He is a married man with a family and an invalid wife; how is he going to exist for the next five years until he gets an old age pension? There should be some retirement allowance. I believe that some years ago there was a retirement allowance for men such as he, and it seems too bad that after these labourers have put in long service at the farm there is no allowance for them when they reach the age of sixty-five and have to retire.

I ask the minister to consider these two things: first, a more equitable wage for the labourers at the farm—mind you, they are farmers' sons—second, the provision of some retirement allowance for men who have spent many years at the farm and are forced to retire.

Mr. GARDINER: As it is almost closing time I will reply in a few words. Last year we raised the pay about two cents an hour, which for the whole service amounted to somewhere in the neighbourhood of $50,000 for the class of labour which has been spoken of. There is a limit to what we can do in that direction without interfering with wages in the vicinity of where our farms are. To offer a much greater increase would probably interfere to some extent with the employment of labour on farms in the surrounding area. In a place like Ottawa, where our farms are close to the cities, we are governed largely by union wages for carpenters and others, which makes it necessary to pay a similar wage for work done at the farms.

[Mr. Hyndman.]

Mr. TUSTIN: There are a couple of questions I should like to ask.

The CHAIRMAN: It is eleven o'clock.

Item agreed to.

Progress reported.

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

Monday, March 20, 1939

The house met at three o'clock.

HOUSE OF COMMONS

REPORT RESPECTING ORGANIZATION AND RECLASSIFICATION OF PERMANENT STAFF

Report of civil service commission, in respect to the organization and reclassification of the permanent staff of the House of Commons, together with resolution of commissioners of internal economy concurring in the same and recommending it for the approval of the house.—Mr. Speaker.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PRAIRIE FARM REHABILITATION ACT—CARS AND TRACTORS

Mr. PERLEY:

1. Will a number of new cars be purchased this year for use of employees under the Prairie Farm Rehabilitation Act?
2. If so, how many, and will tenders be called?

Mr. GARDINER:

1. Yes.
2. Number of cars required under consideration. Quotations will be secured from dealers.

Mr. PERLEY:

1. Will a number of tractors be purchased during the coming spring for use under the Prairie Farm Rehabilitation Act?
2. If so, will tenders be called for bulk purchase or will they be bought from individual dealers?
3. Where will such tractors be used?

Mr. GARDINER:

1. One.

2. Quotations will be secured from individual dealers.

3. Melita, Manitoba.

BUTTER IN STORAGE

Mr. LACOMBE:

1. What quantity of butter was put into cold storage in Montreal during the month of February, 1939?

2. What quantity of butter was put into cold storage in Montreal during the first two weeks of March, 1939?

Mr. EULER:

1. The quantity put into cold storage is unknown, but on February 1 and March 1 the stocks on hand in Montreal were as follows:

	Creamery butter lb.	Dairy butter lb.	Total lb.
February 1, 1939	9,354,444	17,515	9,371,959
March 1, 1939 ..	7,243,298	12,000	7,255,298

Deducting March 1 figures from those of February 1 there was a net "out-of-storage" movement during the month of February of:

Creamery butter lb.	Dairy butter lb.	Total lb.
2,111,146	5,515	2,116,661

2. The quantity put into cold storage is unknown, and as stocks are only reported as at the opening of business on the first day of each month, the storage movement for the month of March will not be known until April.

BUTTER PRICES

Mr. LACOMBE:

1. What was the wholesale price of dairy butter in warehouse in Montreal during the years from 1926 to 1938, inclusive?

2. What were the exports of butter during the calendar years 1936, 1937 and 1938, and January and February of 1939: (a) to the United States; (b) to the United Kingdom; (c) to all other countries?

Mr. EULER:

1. The estimated price of dairy butter sold in the province of Quebec in the years 1926 to 1938 is shown below:

Year	Price c per lb	Year	Price c per lb
1926..	29·0	1933..	17·5
1927..	32·0	1934..	18·0
1928..	35·0	1935..	19·3
1929..	35·0	1936..	21·0
1930..	31·0	1937..	22·0
1931..	24·0	1938..	21·0
1932..	14·5		

The wholesale prices of dairy butter in warehouses in Montreal for the above years are not available.

2.

Calendar years	Exports to United Kingdom cwt.	United States cwt.	Other countries cwt.
1936	44,330	184	6,774
1937	35,679	147	5,140
1938	33,688	38	5,208
Months			
Jan., 1939	13,112	51	459
Feb., 1939	23,584	36	580

PHYSICAL EXAMINATION OF PROSPECTIVE SUDETEN IMMIGRANTS

Mr. LECLERC:

What physicians of the Canadian government, in Europe, will examine the German Sudetens who intend immigrating to Canada?

Mr. CRERAR: Prospective Sudeten German immigrants to Canada will be medically examined by the Immigration Medical Officers of the Department of Pensions and National Health who are stationed on the Continent. These are:

Dr. A. M. Savoie, Hamburg; Dr. G. Audet, Antwerp; Dr. F. X. Duplessis, Paris.

If additional medical officers are required, the services of Dr. H. B. Jeffs and Dr. W. Egan, Medical Officers of the Department of Pensions and National Health stationed at London, may be utilized.

DOMINION REVENUE AND EXPENDITURE 1928-1938

Mr. HYNDMAN:

1. What was the total revenue of the dominion each year from 1928 to 1938, inclusive?

2. What was the total expenditure of the dominion for each of the same years?

Mr. DUNNING: See return to an order of the house of February 15th, 1939, tabled in the House of Commons on March 2nd, 1939, (sessional paper 153A).

CONTRACT FOR POSTAL BLOUSES

Mr. HOMUTH:

1. Was there a contract for postal blouses called for this year?

2. If so, how many manufacturers tendered?

3. What was the amount of each tender?

4. Who was the successful tenderer?

Mr. McLARTY:

1. Yes.

2. 10.

3. Tax extra: $1.48½, $1.49, $1.52, $1.54, $1.55, $1.62, $1.63, $1.70, $1.75, $1.81.

4. Woods Manufacturing Co. Ltd., Hull, P.Q., who were the lowest tenderers.

MOTIONS FOR PAPERS

NATIONAL HARBOURS BOARD—JAPAN DOCK AT VANCOUVER

Mr. MacINNIS:

For a copy of all correspondence, papers, letters, telegrams and other documents dated from August 1, 1938, to date, passing between the national harbours board, the Department of Labour and the Secretary of local union 2404, pile drivers, bridge, dock and wharf builders, Vancouver, British Columbia, in connection with repairs to No. 1 jetty and Japan dock at Vancouver.

EUROPEAN SITUATION

STATEMENT OF PRIME MINISTER RESPECTING RECENT DEVELOPMENTS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the developments of the past week render it desirable that I should make a brief statement on the international situation. Many of the factors are not yet clear. When I come to take up the estimates of the Department of External Affairs, I shall seek to go fully into many questions which the happenings of last year and in particular, of the past few months, have created for Canada as for other countries.

I have been taken to task for some guarded references I made at the beginning of the month to the European situation. I pointed out on the first instant that a critical situation was still existing in the world, and that at some moment we might be called upon to consider questions larger than any we had thus far discussed. It will be realized now that these apprehensions had some foundation; so, I believe, had the feeling that the outlook was improving, to which I referred a week later. It will be observed that in stating on March 7th that I believed relief had been experienced in the foreign offices of Europe, that the situation had somewhat cleared in the few previous days, I was careful to add that I still adhered to what I had said on the previous occasion as something which, all the circumstances considered, it was proper I should have given to hon. members.

I made no claim to any exclusive sources of information, or to any ability to forecast the future. The form and place of the latest disturbance was a surprise to me, and a surprise to many governments more nearly concerned, and more minutely informed. I am sure this house will always be desirous alike of facing unwelcome realities and of avoiding giving way to panic or propaganda. I have myself no desire either to ignore the serious shock the events of the past week have given to the world's hope of peace, or to exaggerate the imminence or extent of danger, as if the world were heading for Armageddon.

We have witnessed this past week the wanton and forcible occupation by Germany of the greater part of what remained of the Czecho-Slovak republic. Following this example, whether or not with Germany's approval, Hungary has occupied the remaining fragment, small, but racially and strategically important. After Munich, it was hoped that what remained of the Czecho-Slovak republic would be immune from aggression. That hope has not been realized. There are few countries which do not regret the fate which has now overtaken that gallant and vigorous small nation. They regret still more the evidence a great country has given that it does not consider itself bound by pledges freely exchanged a few short months before, and that it looks to force as the sole basis of relations with its neighbours, and apparently with the world. The occurrences of the week cannot find any defence, as may have appeared to be the case with some of the earlier manoeuvres, as reactions against excessive terms of the treaty of Versailles, or in the principles of self-determination and racial unity.

For the present at least, so far as we know, no country in all Europe is planning by counter force to reverse the result of force in Czecho-Slovakia. It is rather a question of weighing the results and considering what further moves may lie in the future. What is now needed is to take stock, as fully as may be possible, and to be ready for developments as they take actual shape out of the fog of conjectures; to prepare for all possible contingencies.

Mr. Chamberlain, in his frank and moving speech at Birmingham, asked, Was this the end of an old adventure, or the beginning of a new, the last attack on a small state, or the beginning of an attempt to dominate the world by force? He did not attempt to answer those questions, but declared they would require consideration not only by Germany's neighbours but by others even outside of Europe, and that the government of the United Kingdom would consider them in consultation with the members of the British commonwealth, France and various other powers.

So far as Canada is concerned, the government is ready at any time to take part in such consideration, to join in consultation

with the United Kingdom and with such other countries as would be appropriate. I note that in speaking at Westminster to-day, Mr. Chamberlain told the House of Commons that Great Britain "requires to give full consideration" to the tense European situation in conjunction with other powers, "before any statement can be made." This wholly conforms with the statement made by Mr. Chamberlain at Birmingham on Friday last when he said:

I am not prepared to commit this country by new and unspecified commitments operating under conditions which cannot now be foreseen.

The first necessity for Canada, as well as for Great Britain, is to sift rumour from fact, to examine whether there is a probability of further drives, and if so in what direction, and in what form.

It is essential to clarify the actual issue that may arise. It is important to know what country or countries may be concerned, and whether it is a case of agitation and propaganda, or of economic pressure, or of military force. It is equally important to know exactly what policies are being suggested to meet the situation, and what measure of support and feasibility those policies are likely to receive. With this knowledge the Canadian government will have little difficulty in proposing to this parliament any action which it believes should be taken in the contingency anticipated.

If there were a prospect of an aggressor launching an attack on Britain, with bombers raining death on London, I have no doubt what the decision of the Canadian people and parliament would be. We would regard it as an act of aggression, menacing freedom in all parts of the British commonwealth. If it were a case, on the other hand, of a dispute over trade or prestige in some far corner of the world, that would raise quite different considerations.

Canada at all times has been prepared to consult, as occasion might arise, with other freedom loving countries as to the most effective means of cooperation against aggression. The form of such cooperation and the contingency in which it may arise, are questions which this government will examine, in consultation with other governments. It will report its findings and any proposals that may result to this parliament, which has the sole and responsible authority to speak for Canada in such grave issues. I still believe in parliament as the most important of our national institutions; and in the supremacy of parliament, especially where the issue is one of peace or war. I may add that, as would be expected in the circumstances, no statement of the policy the United Kingdom government has in mind has yet been received, from London.

In spite of the shock to the world's confidence, there is no reason to despair of peace, or to cease working for peace. The world has come to be able to stand shocks, to make readjustments which a few years ago would have made open conflict inevitable.

The peoples of the different countries of the world do not want war. No government of any democratic country has any thought or intent of making war. No government of any totalitarian country can hope for passive acquiescence in acts of international lawlessness, as they come to effect a wider range of powers, nor can they anticipate victory over the limitless moral and material resources that would be arrayed against them. It is a time for preparedness, but equally for furthering to the utmost, conciliation and cooperative effort among all peoples.

I think I may say with no less sincerity than Mr. Chamberlain that there is scarcely anything I would not sacrifice for peace, but, like Mr. Chamberlain, there is one thing I must except, and that is the liberty which we enjoy and which we will never surrender. I believe this is the feeling of every Canadian who loves his country and cherishes its liberties. Acts of aggression and attempts at world domination by force are just as hateful to the people of Canada as they are to the peoples of the United Kingdom, the United States, France and all other peace loving and freedom loving democracies.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister one or two questions. May I add that I have no wish to embarrass him or the government in any way. However there was a statement in the Toronto *Star* which has been brought to my attention. This statement appeared on the front page of Saturday's edition:

Shortly after the instructions were sent to Sir Nevile—

I presume it refers to the British Ambassador in Germany.

—all the high commissioners of the British dominions in London were requested to call at 10 Downing street, following an extraordinary cabinet meeting, called for to-night.

This is the sentence which I would direct to the attention of the Prime Minister:

The commissioners for South Africa, Australia, New Zealand and Eire visited the dominions office.

Canada is not mentioned. I presume it is a misprint, but I should like to have the right hon. gentleman straighten it out.

Mr. MACKENZIE KING: Mr. Speaker, I saw the same news item, but I have not

had any communication from the high commissioner intimating that he had been asked to attend any meeting, nor have I had any communication from him as to his having been personally at any meeting.

Mr. MANION: The Prime Minister cannot answer that, then. The other question is this—and may I say in passing that the Prime Minister made reference to what I have in mind. The following words appear in the press of Saturday, March 18, and are attributed to Mr. Chamberlain at Birmingham:

> We ourselves will naturally turn first to our partners in the British commonwealth of nations and to France to whom we are so closely bound, and I have no doubt that others, too, knowing that we are not disinterested in what goes on in southeastern Europe will wish to have our counsel and advice.

The Prime Minister did mention that statement, in a general way, but he did not attempt to quote it exactly. Have there been consultations such as are referred to in that statement?

Mr. MACKENZIE KING: There have been thus far no consultations such as are referred to in the statement which my hon. friend has read.

Mr. MANION: I do not know whether or not on the orders of the day I am permitted to say anything or to make anything in the way of a statement. I have no desire to do anything but help—and I say that as sincerely as I have said anything in my life. I shall, however, attempt to say a few words—

Mr. WOODSWORTH: On a point of order, if I may call it such: I have no desire to prevent the leader of the opposition from speaking, but I think I must insist that in this regard he cannot speak for all opposition groups in the house.

Mr. STEWART: He did not say so.

Mr. WOODSWORTH: No, nobody says so. I have no desire personally or on behalf of my group to embarrass the members of the government, but I do not think it is proper at this time for us to enter into a discussion of the European situation. However, I would urge that the Prime Minister should provide an early opportunity for the house to express itself with regard to the position of Canada.

Mr. MACKENZIE KING: May I say that I agree with the hon. member who has just spoken when he says that this should not be made the occasion for a general discussion or debate on this question. If the hon. leader of the opposition (Mr. Manion) feels that he would like to make a statement to the house, not for the purpose of beginning a debate but simply to place himself on record in regard to an all important matter, may I say I think the custom has been to allow latitude of that kind to a leader of the opposition. I am sure the house would wish to allow it to him at this time. I would go a step further and say that if my hon. friend who is leading a group, or any other leader of a group, would like to make a statement at this moment, he should feel perfectly at liberty to do so. But I think it ought to be understood in each case that it is simply a statement which is being placed before the house and not something intended to provoke discussion.

Mr. MANION: Mr. Speaker, may I make it very clear to the hon. member for Winnipeg North Centre (Mr. Woodsworth) that I have never yet attempted to speak for his party, and I do not expect I ever shall do so. I know he is quite capable of speaking for them himself. I was not intending to speak for anyone but the National Conservative party, of which I have the honour to be the head.

I listened with very great interest to the statement of the Prime Minister (Mr. Mackenzie King). I do not intend to discuss it in any way. I know the great difficulties of government in times like these, and it is certainly far from any thought in my mind to add in any way to those difficulties. Therefore, I shall offer no criticism and no jarring note of any kind. If there is anything that I think those in all sections of the house and in all sections of this country should remember, it is that in a time like this we should be a united people, that we should do everything we can to hold this nation together. I have never been able to see what good would be done to the empire if this country were split down the middle and divided again into the various parts that existed before confederation. I certainly believe in being tolerant of everyone's opinion, whether or not it agrees with my own.

I consider this whole question as being too serious for political manoeuvring of any kind. It should be above and beyond anything in the way of playing politics, anything in the way of attempting to gain some petty political advantage or anything of that sort. In every statement I have made I have endeavoured to show that I want to be as helpful as I can.

It seems to me that even more is at stake to-day than was at stake in September last. At that time only a fringe of Czecho-Slovakia, the Sudetenland, was at stake. To-day it strikes me that all the personal liberties and

parliamentary institutions of democracy are at stake. In a sense, it is democracy and Christianity against Hitler's totalitarianism. That is the way it strikes me, at any rate. On numerous occasions Hitler has shown his antagonism to Christianity. I was startled to read yesterday that the Protestant leader Niemöller was still in a concentration camp. I thought he had been let out some time ago. He has been in that camp for nearly two years. Both Catholics and Protestants have been attacked by Hitler. Therefore, I look upon this whole question as being something very much above ordinary affairs. All our liberties are at stake, and I repeat that so far as I am concerned I am ready to help in every possible way. I will do nothing to muddy the waters and confuse the issues, or to hinder the actions of the government.

I agree with the Prime Minister that the whole world has been shocked at what has taken place. I would use much stronger language than he. Perhaps I am prone to use much stronger language than the Prime Minister. I say that this attack of Hitler's on Czecho-Slovakia, this taking over of Czecho-Slovakia, was unprovoked, unlawful and brutal. As Mr. Chamberlain pointed out, it was a violation of Hitler's word and agreement. No doubt all hon. members have read of how the secret police have taken over in this little freedom-loving country. Until recently Czecho-Slovakia had as its head one of the most outstanding statesmen of Europe, Doctor Beneš. I had the honour of meeting him and knowing him fairly well at the meetings of the League of Nations, where the representatives of Great Britain, France and many other prominent countries used to consult with him on vital questions. This country, which had been governed by one of the most broadminded, statesmanlike gentlemen, has been overrun with secret police. The people are being told they must not stay out after nine o'clock at night and that they must have nothing in the way of assembly. I was shocked, and the peoples of all freedom-loving countries of the world must have been shocked at such news as that.

I turn now to Mr. Chamberlain's language. I should like to refer briefly to what he said at Birmingham. It must be remembered that when Mr. Chamberlain uses strong language it is really much stronger than when the same language is used by the ordinary citizen. Mr. Chamberlain has always been known for his moderation, his toleration and his gentle humility. The Prime Minister probably knows him very well, and some of us on this side came to know him intimately when he was over here at the empire conference of 1932. I have put it on record publicly that I consider him the outstanding British representative at the conference, and the most gentle and considerate of men. The fact that he used the language he did at Birmingham shows how he was shocked at this brutal and barbarous attack of Hitler upon Czecho-Slovakia. Mr. Chamberlain asked what reliance could be put upon the word of Hitler. I am putting this in my own language. He said that Czecho-Slovakia had been wantonly attacked. That word "wanton" is very strong language. He said that Germany would bitterly regret the attitude which her leader had taken. This is the language of a man who, with the possible exception of the former Pope, has been the greatest peacemaker in the world. Pope Pius XI was noted as one of the greatest peacemakers the world has ever had. Mr. Chamberlain is a man who hates war from the bottom of his soul, as he has publicly stated over and over again. He is a man who believes above all in the council table in preference to the battlefield. He believes in the Kellogg-Briand pact; in the settling of international disputes by conciliation rather than by war. This is the man who humbled himself by going to Berchtesgaden, to Godesberg and to Munich, and when he used such strong language he must have been outraged to a terrific extent. I did not hear him over the radio, but I am told by those who did that his language was more severe than would appear from the press reports.

These conquerors moved into Czecho-Slovakia, a freedom-loving country in the truest sense of the word. We see the Jews who have been living peacefully in that country immediately persecuted. Such action is shocking to all of us. It is shocking to the whole world to see Jews or any other people maltreated in this way.

Mr. Sumner Welles, with the approval of President Roosevelt, has referred to this display of wanton force. His language is even stronger than that used by Mr. Chamberlain. Mr. Welles referred to "acts of wanton lawlessness and arbitrary force." He also used the language "threatening world peace and the very structure of modern civilization." We ask ourselves, in view of that strong language, what must we expect next from this madman? To my mind this man is very close to a madman. He is at least acting like one, and no one knows what we may expect next, least of all Hitler himself. He has a passion for world domination. He is mad with the lust for conquest, and he is aiming at absolute world domination.

Now, sir, this is what I am going to suggest without taking up much more of the time of the house: I think that this above all times is the time when all Canadians should stand unitedly together and should make it clear that all democratic countries stand in a solid front against the international criminality—because that is what it is—that Hitler is attempting to impose upon the world. He broke the terms of the treaty of Versailles. He fortified the Rhineland. He marched into Austria and took possession of it. He took over the Sudeten territory of Czecho-Slovakia practically by force, and now without any justification he takes over the whole of Czecho-Slovakia. I say it is time for the democracies of the world, for the United Kingdom and the dominions, France, the United States, the smaller free nations, and all others throughout the world who want to stop this mad ambition of Hitler's, to stand together and make it clear that they are standing together, morally at any rate.

I am not talking war, but it seems to me that the only way we can stop war is to show that there is a solid front amongst all the democratic, civilized, Christian peoples of the world against the attempts of this man to dominate the whole world.

There are people who say that war is inevitable, and I have had that said to me by outstanding people, but I do not believe that war is ever inevitable. As Earl Baldwin said at the time of the September crisis, if there is only a five per cent chance in favour of peace, I am in favour of peace. I believe in the democratic peoples of the world presenting a united front, not only the ones I have named but others who wish to join to bring this man Hitler to his senses. Such a solid front might possibly halt his mad career—might act as a "Stop; look, and listen" sign to him.

May I make it clear to you, Mr. Speaker, and to the house and country that I am a strong peace lover. I am just as much in favour of peace as Mr. Chamberlain, or the Prime Minister or any other member of this house could possibly be. I am a peace lover from the bottom of my soul. I did have the opportunity to see, if I may be forgiven for mentioning it, the cruelties and horrors of war at first hand. I saw strong, young, healthy men turned through shell shock into nervous wrecks, crying for help; I saw mutilations and blindness; and we all know that sixty thousand of our best young Canadians lie in Europe. We all know the failure of the great war into which the world was plunged by the man who preceded Hitler in Germany, the kaiser, who was not as dangerous a man as Hitler. And yet to-day because of dictatorships, particularly the German dictatorship, armaments are greater than ever before. We know what war involves, and those of us who happen to have served are the most antagonistic to war. I think there is no body of people in all Canada so antagonistic to war as the four or five hundred thousand returned men in this country. They are the strongest of all for peace. We saw that the last war, which was to make the world safe for democracy, did not do so. Democracy is in a more precarious position to-day than it has ever been. The war to end war, as it was supposed to have been, failed to end war. Our ideals have been shattered.

On top of all that knowledge, I have three boys of my own. I am a father who loves his children and does not want to see them used for cannon fodder. I sympathize with all fathers and mothers, and so I say that I have every reason in the world to hate war from the bottom of my soul. But we must remember the self-preservation, not only of our own country, but of all democratic nations. The whole aim of my remarks to-day is not to say what we must do in war; my aim is to prevent war if at all possible, and I say that all the democracies of the world, all the peace loving nations, should stand together at this time in a stern moral protest against this man Hitler and his attempt to dominate the world. We must show a united front, and show it frankly and courageously, and if we all do that there will probably be no war. That, sir, is the prayer of us all.

As leader of the National Conservative party I offer now to join loyally and wholeheartedly with the government in making it clear to all the world that a united Canadian people—with one mind and one heart—is determined, come what may, to preserve its liberties and its nationhood. And may God assist us in our efforts!

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I have no prepared statement. As I said a few moments ago, it does not seem to me perhaps quite proper that we should delay at any length now to deal with the entire European situation.

I would say, however, dealing with what was said by the leader of the opposition (Mr. Manion), that if we had been morally united the world would not have been in the fix in which it finds itself to-day. We can-

not look back to the treaty of Versailles, —the treaty of the victors—and to the history of the past fifteen years without realizing that there has been a series of blunders. We did not take seriously the principles underlying the League of Nations.

I would say that at this critical time we should utilize as far as may be the existing machinery of collective peace action. There is an enormous power in the united peace action of the leading nations of the world. Although we have heard it said that the league is practically defunct, there is yet sufficient vitality in the league, if we rally around it, to do something before it is too late. Also, although the United States is outside the league, their people are very much the same as ours in sentiment, and every effort should be made to establish the very closest cooperation with the United States.

At this time I would offer three simple practical suggestions as to what we in Canada might do. First of all, it is high time that there should be an immediate prohibition of the export of war materials to Germany. That is something practical. It is something that might interfere with the profits of some of our Canadians; in my judgment we should have done it long ago, but I urge upon the government, since it has not been done in the past, that we at once prohibit the export of war materials to Germany and to any other aggressor nation.

An hon. MEMBER: Japan.

Mr. WOODSWORTH: Yes, I include Japan. Again it seems to me that we might well consider following the action of the United States and impose a super-tax on goods from Germany or any other aggressor nation. I shall not discuss these suggestions to-day, but I pass them on to the government for consideration. We cannot hope to escape trouble in this country simply because we are far removed from the scene of action. We cannot allow profiteering or profit-making in this country while others are suffering. We must assume our share of the burden, and we can do it on those lines.

There is one other suggestion. Since I came into the house there has been handed to me—in fact only five minutes ago—a copy of the telegram which Senator Cairine R. Wilson sent from Toronto to the Prime Minister, urging that we should take a certain share of responsibility for the refugees from some of these distressed countries. This is not a matter of immigration; I might be inclined to oppose additional immigrants coming to this country at this time. But I think we have not been willing as a nation to assume sufficient responsibility for the disasters that have come upon other parts of the world. We are still in a happy position here in Canada, notwithstanding all our difficulties; the least Canadians can do is to share some of the burdens that are being borne by other nations in the care of refugees. I hope that the Prime Minister (Mr. Mackenzie King) may find it possible in the very near future to make a statement of the decision of the government on this matter.

Mr. J. H. BLACKMORE (Lethbridge): I have no prepared speech at all, but perhaps a few words are in order. Certain it is that this is the time for unity; for unity politically, racially and socially. This ought to be a time not only for talking about unity but for seeking out and adopting and applying such policies as will remove the causes of disunity. I long for peace; I believe that war results from ignorance and the application of mistaken policies. Both ignorance and false policies can be removed. It is our solemn duty at this hour of great peril, first, to stand together within our own country; second, to take counsel earnestly with our neighbours; finally to seek out, discover and remove the mistaken policies and the ignorance which are driving us blindly towards war.

SUGGESTED MEETING OF LEAGUE OF NATIONS ASSEMBLY TO FORMULATE GENERAL POLICY FOR PEACE

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I wish to ask a question bearing to some extent on the statement which has just been made. I shall put it now, and perhaps it can be answered later. In view of the international situation and reported suggestion for a conference of certain democratic powers, will the government consider the advisability of proposing a meeting of the League of Nations assembly with a view to formulating a joint policy for peace and with a view to seeking cooperation with the United States for such a policy?

Right Hon. ERNEST LAPOINTE (Minister of Justice): I shall convey the question to the Prime Minister (Mr. Mackenzie King) and he will deal with it.

WAYS AND MEANS

CANADA-UNITED STATES TRADE AGREEMENT

The house in committee of ways and means, Mr. Sanderson in the chair.

On schedule 1:

Customs tariff—101. Oranges, n.o.p.:
January to July, inclusive, free.
August to December, inclusive, 35 cents per cubic foot.

Mr. NEILL: Mr. Chairman, I heard with great interest the remarks made the other night by the hon. member for Moose Jaw (Mr. Ross). While I cannot go all the way with him in his pronounced views with regard to free trade, I appreciated greatly the case he outlined. While I do not believe in high tariff, I have had occasion too often to advocate in this house protection for some industry or interest in my district to take an attitude entirely against it. I prefer to deal with each case as it arises.

The hon. member for Moose Jaw was able to make out a strong case for free trade as against protection owing to the surrounding circumstances in connection with the matter to which he was alluding. In one respect the case is even worse than he represented it to be. On page 2015 of *Hansard* he said, speaking of the repeal of the duty on Japanese oranges:

> Although the dictionary said that a Japanese orange was an orange, although the trade always called the Japanese orange an orange, an order in council was passed at that time, saying that a loose-skinned mandarin or tangerine was not an orange and therefore could enter Canada free. But other oranges, the same tangerines and mandarins from the United States, were still subject to the same duty of 35 cents per cubic foot.

The hon. member has fallen into the same error that I did. I fully thought that those were the circumstances, that the duty was put on against oranges. Then it was discovered by a strained construction of the meaning of the word "oranges" that a tangerine was, botanically speaking, not an orange, and therefore was not liable to the duty. If that had been the case the matter would have been adjusted by a mere ruling of the Minister of National Revenue. But it was not done in that way. It was done by order in council, P.C. 2980, which I shall read, as it is only a few lines:

> At the Government House at Ottawa
> Monday, the 30th day of November, 1931.
> Present:
> His Excellency the Governor General in Council:
>
> His Excellency the Governor General in Council, on the recommendation of the Minister of National Revenue and under the powers granted by section 11 of the customs tariff to make such reductions of duties on goods imported into Canada from any other country or countries as may be deemed reasonable by way of compensation for reductions on Canadian products granted by any such country or countries, and under any other power thereunto enabling, is pleased to order and it is hereby ordered that mandarins and tangerines, when grown in Japan and imported into Canada direct from that country, be admitted free of customs duty.
>
> sgd. "E. J. Lemaire,"
> Clerk of the Privy Council.

So the house will see that they were allowed to come in not because it was held that they were not oranges, in which case the exemption would have applied also to tangerines and mandarins of all countries; but it was confined entirely to tangerines and mandarins when grown in Japan. The order in council says that it was done under a section of the Customs Act which allows a reduction of duty when a similar reduction is made by another country. There was no similar reduction made in this instance, and therefore it was done under the words cited, "and under any other power thereunto enabling;" for it is on record that there was no reduction made by Japan in that regard or in any other regard calling for compensating action on our part. Therefore we were put in the unique position that we had pledged ourselves to give free entry and preference to oranges from the British empire, particularly Africa and Australia, and for that reason we put a duty against all foreign oranges, of which we imported large numbers. That was in May, 1931, and in November of the same year, before the duty had any effect on importations from Japan, the government of that day passed an order in council providing that if the tangerines were grown in Japan, and in Japan only, they would come in free of duty. I think the circumstances call for an explanation from somebody as to why that took place. The result was that we continued to buy our oranges from California and Japan principally, and we either paid a higher price or got an inferior orange. People who could not afford to buy oranges above a certain grade took an inferior grade.

I had some communication with an official recently about the matter. I shall not give his name because it might be supposed that I am criticising him, and I am not. He is a man of great ability, of the greatest courtesy, and went to no end of trouble to give me the information I wanted. Here is a phrase he used in connection with this matter which struck me, to use the vernacular, right in

the eye. Speaking of putting Japan and Australia on the same basis in this matter, he writes:

Undoubtedly cancellation of the order in council would be resented by the Japanese government, a fact which would have to be given consideration by the government of Canada.

Surely we have not come to the situation in this day and generation that we cannot put on a small duty or a large one against the products of another country without its being resented by that country. But if that is so, it is time we knew where we are heading for.

When the Minister of Finance presents his budget, so to speak, the Canadian tariff, and is making adjustments, as I suppose he will, I hope that he will take occasion to adjust the matter I have referred to which was dealt with by order in council and impose a duty on mandarins and tangerines of Japanese origin as is done on mandarins and tangerines from any other country in the world.

Mr. RICKARD: Under the new agreement the date of application of the duty on oranges has been changed to the first of December, as compared with the first of January under the old agreement. If any change is to be made it should be the other way. The duty on oranges should extend over a longer period than it does at the present time. As an apple grower I feel that taking the duty off oranges would be detrimental to the apple growers and apple shippers of this country. We heard a good deal on Friday from the hon. member for Moose Jaw (Mr. Ross) about the advantage of having cheap oranges in this country, but I have a letter here from an apple shipper and an apple grower in which he says:

You are quite moderate in your remarks about the competition of oranges. Your own Spy apples will give you an example. Mine is worse. In December I sent a car of choice Baldwins to the terminal market in Montreal and it arrived the week before Christmas, when forty-one carloads of oranges came in from the United States. Apples at once took a giant tumble and I lost over $1.50 a barrel over preceding prices. You will agree that that is a big tax to pay against my production. While I was there, a New York firm telegraphed the agents offering to send in other carloads of oranges at $1.88 a box f.o.b. Montreal.

I took the trouble to call up a fruit distributing house in Ottawa before I came down to the house and he tells me that 288 oranges to a case is the popular-sized orange. That costs the wholesaler $2.50 a case, which is less than one cent apiece. I contend that no apple grower in Ontario or British Columbia or anywhere else in this country can grow apples and compete with oranges sold at less than one cent apiece. I also contend that as far as the consumer is concerned, that is not a reasonable price. Even if the consumer were paying two cents apiece it would still be a cheap article of food. There is really no comparison at all between an orange and an apple. While some say there are more vitamins in an orange, some say there are more salts. I should like to see the time extended to January 1 instead of December 1. If you turn the page you will see that this is permissible. It would not at all satisfy me—for as an apple grower I contend it should be March 1 before oranges come into this country free,—but if nothing can be done about that we have to accept the agreements as they are. I believe I voice the sentiments of the apple growers of Ontario when I say they are certainly not satisfied with this. I hope the government will try to do something which will give the apple growers of Canada a fair deal.

Mr. CLEAVER: The right has been reserved on behalf of Canada to change the date under this item, and to substitute the following: "oranges, n.o.p., January to July inclusive, free." On behalf of the apple growers of my constituency I ask that pursuant to that reservation the date be changed as soon as possible.

Then there is another matter which I have been requested to bring to the attention of the committee. Oranges of inferior quality are now being brought into Canada, not in packages but simply in bulk, and offered for sale as loss leaders by chain stores at prices as low as eleven cents a dozen. This is unfair competition with our own apples, and should be regulated. All our fruits and vegetables must be properly graded and must carry an inspector's certificate before we are permitted to export them; I suggest that the same practice be required in regard to the importation of United States fruits and vegetables into Canada.

Another practice which is very detrimental to our trade is, as I am reliably informed, that truckers make a practice of purchasing left-over and surplus fruits and vegetables in New York, Buffalo, Detroit and Seattle markets at ridiculously low prices and dumping them on our market, often in such a wilted and stale condition as to render them practically unfit for consumption.

I should like to refer also to the question of processed fruit and vegetables receiving empire preference. I urge that this matter be cleaned up immediately. When we received this preference from the motherland it

was never the intention that it should be used by our processors to permit them to place United States fruit and vegetables on the British market as empire products.

Mr. DUNNING: I do not like to interrupt the hon. member, but as far as I can gather, the remarks he is now making have no bearing on oranges, the item under discussion. If we start a general discussion we shall never get on with the business.

Mr. CHAIRMAN: The point raised by the Minister of Finance (Mr. Dunning) is in my opinion well taken. I would ask the hon. member to confine himself to the item now before the committee.

Mr. CLEAVER: I quite agree, and I shall observe your ruling, but I thought it would save time if while I was speaking I covered that little point as well, which I have done.

Figures have been put on record as to the amount of imports into Canada of the different items discussed. I think it would be useful to hon. members if these figures could be gathered together in one summary and placed on the record in that form. I have in my hand a summary prepared by the bureau of statistics of all fruit and vegetable imports into Canada for the year 1932 to 1938. It will take some time to read it—

Mr. MacNICOL: Then the hon. member had better read it.

Mr. CLEAVER: I should like to have permission of the committee to put it on the record without reading it.

The CHAIRMAN: Only with the unanimous consent of the committee.

Mr. DUNNING: Do I understand it deals with all imports, or oranges only? I have the information with respect to oranges, and I have endeavoured to answer with respect to each item, as hon. members requested, in order to facilitate their understanding of the items. But personally I have no objection to the hon. member placing anything on *Hansard*.

Mr. CLEAVER: I thank the minister for his explanation; I have followed what took place in the committee on Friday, although unfortunately I had to be absent. The statement to which I refer is a summary of all the figures in concise form, prepared by the bureau of statistics. I ask leave of the committee to put it on the record without reading it.

Mr. MacINNIS: If a summary of this kind is to be put on the record I think it should be put on by the Minister of Finance (Mr. Dunning) so that we may know that it is in accord with the agreement. I have no objection to the summary; I think it would be useful, but it should be put on by the person best qualified to do so.

Mr. DUNNING: It is only a question of what best meets the convenience of the committee. Obviously if a summary be put on the record to-day and the discussion on some of these items goes on to another day, hon. members who desire information statistical in relation to an article under discussion towards the end of the week will be asking me where to find it in *Hansard*. That is why I have given the specific information with respect to each item as it was discussed.

Mr. CLEAVER: Do I understand I have permission?

The CHAIRMAN: Only with the unanimous consent of the committee. Has the hon. member unanimous consent?

Some hon. MEMBERS: No.

Mr. CLEAVER: Then I understand I can read it?

The CHAIRMAN: Certainly.

Mr. CLEAVER:

Dominion Bureau of Statistics. External trade branch. Canada's imports and exports of fruit and vegetables. Calendar years 1932 to 1938:

Fresh fruit imports

1932	$12,145,722
1933	10,379,892

The CHAIRMAN: I am of the opinion that the figures that the hon. member is reading have nothing to do with the item under discussion, which is item No. 101, oranges.

Mr. CLEAVER: May I make a submission in regard to your ruling, Mr. Chairman? It is this: that any one item may have a direct bearing on the industry, and with deference I submit that when discussing oranges I have the right to discuss apples, because apples are competitive—

The CHAIRMAN: Order. I have given my ruling and I would ask the hon. member to abide by it.

Mr. CLEAVER: I ask a moment to explain. I do not want to have to appeal from your ruling, but I submit I am entitled to put this on the record. You listened to the hon. member who preceded me discuss apples and why this practice in regard to oranges is detrimental to the apple growers. It has a direct bearing. If there is any general item called to my attention under which I can more correctly discuss this general aspect, I shall be pleased to do it then.

Mr. DUNNING: Perhaps I may suggest a means by which the hon. member may make his statement and still be in order. In committee of the whole house on the bill, or at any time when the schedule itself as a whole is being submitted to the house, general statements will be in order. Personally I think the chairman's ruling is correct; when we are talking about oranges, it is oranges. We dealt with apples the other day. If we were to mix the whole matter up again the discussion would be endless. There is an opportunity for statements of the kind which the hon. member wishes to make.

Mr. CLEAVER: I thank the minister for the suggestion. I will seek an opportunity at the right time.

Mr. COLDWELL: I come from a part of the country in which we grow neither apples nor oranges. I wish to support the hon. member for Moose Jaw (Mr. Ross) in the analysis of this item which he made the other evening. I can see no justification for taxing a fruit which some people say is in competition with certain other fruits grown in this country, but which competition I find it difficult to understand, inasmuch as the two kinds of fruit serve entirely different purposes. For numerous children it is difficult to-day to get fresh fruit, particularly oranges, and it is altogether improper that we should place a barrier against a fruit which we cannot under any circumstances grow in Canada. I have always been under the impression that a tariff is for one of two purposes, either for revenue or for protection. If this tariff were for revenue purposes, it would be in effect all the year round. I can only conclude that since it is imposed for part of the year only, it is a sort of protective tariff.

Mr. DUNNING: Entirely wrong.

Mr. COLDWELL: The minister says I am entirely wrong. Well, he will have an opportunity to correct me. At any rate I submit that oranges constitute a valuable part of the daily diet, particularly for very young people. In our part of the country our children find it exceedingly difficult to get oranges at any time, and the figures produced the other evening by the hon. member for Moose Jaw did, in my opinion, prove conclusively that there is a relation between the duty and the higher price during the season when the duty is charged. I should like to see the length of time during which the duty is imposed reduced to the minimum, even down to a single day. I support the argument of the hon. member for Moose Jaw.

Mr. MAYBANK: I support the remarks of the hon. member for Rosetown-Biggar (Mr. Coldwell) and similar statements made by the hon. member for Moose Jaw (Mr. Ross). In my opinion, the sooner we take the tariff completely off commodities such as oranges the better, and for the very good reason that, according to practically all health authorities now, oranges are virtually a necessity. The consumption of oranges and orange juice appears to be a necessity in the raising of children. The hon. member for Durham (Mr. Rickard) has remarked that oranges are no better than apples. That may be so. I have noticed that most of the medical men seem to favour this reduction of duty. Perhaps they bear in mind the apple a day that keeps the doctor away, and that is why they are anxious to support the item as it stands. The hon. member for Durham has that much support. I suggest to the Minister of Finance that when he is bringing down his budget he go a step further and wipe out entirely the duty on oranges. A counter-suggestion is made by someone in this corner. It might appeal to the hon. member for Durham. That suggestion is that the duty on oranges be raised very high, making them practically prohibitive. Then the supply of apples will not be sufficient for the needs of people and we can force them to use turnips and thereafter put a tariff on turnips.

Mr. SLAGHT: I wish to support the position taken by the hon. member for Rosetown-Biggar, and the hon. member who has just resumed his seat (Mr. Maybank). In the district of Parry Sound, which I represent, we have in relation to the adult population, as our school statistics show, perhaps the greatest population of children of any district in Canada.

An hon. MEMBER: Five at a time.

Mr. SLAGHT: I am reminded that we have five of the most important children of Canada in Callander, and in our district, without any intention of treating the matter lightly, oranges throughout the summer season, when we entertain so many tourists from all parts of the world, are a staple product on the table. Although we have full sympathy with the apple growers, any measures which tend to increase the price of oranges, and prevent people from securing them at as low as eleven cents a dozen, if that be possible, I desire to oppose on behalf of my district.

Mr. ROSS (Moose Jaw): I intend to stay with the item on oranges. The hon. member for Durham suggested that I might be an

orange grower because I made the remarks I did the other night. Sometimes it falls to the younger members of a family to look after the interests of some of the older ones, and that is my case. Since 1932, subsequent to my father's death, it has fallen to my lot to look after the interests of some of the older members of his family, and therefore I have had to superintend the handling of some citrus groves in California. I am not getting any interest from it, myself, but I do not think it is a bad thing to have someone in this house who has a little practical knowledge when an item of this kind comes up.

On Friday evening I was contradicted by several members on the opposite side. The first contradiction was from the hon. member for Peel (Mr. Graydon), who declared that I was wrong when I said that the protection on empire oranges meant at least an added cost of $12 a box to the Canadian consumer of British empire oranges that came into Canada. When this item was put in the British empire agreement it was not put there for the purpose of revenue. Had it been put there for that purpose it would have been imposed on all oranges from empire as well as non-empire countries; and the excise tax of three per cent, the so-called import tax, which was an additional tariff of three per cent, was charged against non-empire countries but not against empire countries. I want to point out how it comes about that the added cost was at least $12 on every box coming from the British empire. In the United States I said, oranges were sold to Canadians and Americans in the same way, with the tariff added when the oranges were sold in Canada. In that country oranges are sold at auction to the highest bidder; therefore when a Canadian goes to buy oranges, he buys a carload at the auction and must then pay the tariff in order to bring them into Canada. That is the regular procedure; there is no other way of buying them. Therefore the additional amount of money collected through the tariff on oranges coming from non-empire sources can be rightly charged as a protection to British empire orange growers.

The other evening some people may have thought I was exaggerating when I gave the figure of $12 per box, in regard to 1935. Now I want to give the figures for 1938 on the same basis. On March 6 a return was brought down in this house to a question asked by the hon. member for Saskatoon (Mr. Young), concerning the number of boxes of oranges imported into Canada each month during the calendar year 1938 from United States and from British empire countries, specifying the country of origin. I have gone carefully through that return. The duty is applied during the months of June, July, August, September, October, November and December, and if my memory serves me aright in 1938, due to a short orange crop in the United States, the non-duty period was extended for a short time, taking in part of May.

The figures are as follows: During the month of May, 1938, there were 907 boxes of oranges imported into Canada from the British empire, duty free. There were 269,375 boxes imported from non-empire countries, on which the duty and excise amounted to $56,506, or an average of $62 per case in additional price on the oranges coming from the British empire to the Canadian consumer.

An hon. MEMBER: How much?

Mr. ROSS (Moose Jaw): It amounts to $62 per case. In June of 1938 there were 22 cases of oranges brought into Canada from the British empire. In the same month 270,398 cases were imported from the United States and other non-empire countries.

Mr. THOMPSON: Did the hon. member say $62 on a case of oranges?

Mr. ROSS (Moose Jaw): Yes.

Mr. THOMPSON: These oranges that come in here are bought for three or four dollars a case.

Mr. ROSS (Moose Jaw): Of course; and then we paid $62 in addition in order to get them here.

Mr. THOMPSON: That is $62 for an article that sells for $3 or $4?

Mr. ROSS (Moose Jaw): Yes, and that comes about in this way: If there is a duty of 35 cents per cubic foot on all oranges from non-empire countries, in order to protect empire oranges, then surely that added cost to the Canadian people is the cost of bringing in the number of oranges imported from the British empire.

Some hon. MEMBERS: Nonsense.

Mr. ROSS (Moose Jaw): My figures are correct; you cannot say anything else. In May the additional cost was $56,506, with 907 cases coming from the British empire. Figure it out for yourself; the additional cost for every case of oranges coming from the British empire was $62. In June of the same year 22 cases of oranges were brought in from the British empire and 270,398 cases from the

United States. The total tariff and excise charged the Canadian people in that month was $208,227, or an average of $9,465 per case.

Some hon. MEMBERS: Oh, oh.

Mr. ROSS (Moose Jaw): My hon. friends do not like this. In July of last year 220 boxes came from the British empire and 225,061 boxes from other countries, with $174,315 paid in tariff and excise, or $792 per box of fruit coming from the British empire.

Mr. HEAPS: How much does an orange cost?

Mr. HOMUTH: Would the hon. member also work that out in regard to wheat?

Mr. ROSS (Moose Jaw): In August, 1938, there were 305 cases of British empire oranges and 204,474 cases of non-empire oranges imported into Canada. Tariff and excise taxes amounted to $159,487, or an average protection of $522 a case.

In September, empire oranges imported amounted to 105 cases and non-empire imported numbered 150,420 cases. Total tariff and excise amounted to $118,354, or an average protection of $1,127 a case.

Mr. MacNICOL: Who paid that?

Mr. ROSS (Moose Jaw): The consumer. In October, empire oranges imported amounted to 454 cases, and non-empire imported numbered 169,342 cases. The total tariff and excise amounted to $131,521, or an average protection of $289 a case.

In November, we imported 8,511 cases of empire oranges, these coming mainly from Trinidad and Jamaica, and 190,074 cases of non-empire oranges. Total tariff and excise amounted to $131,286, or an average of $15.50 a case.

In December, we imported 14,435 cases of empire oranges and 309,732 cases of non-empire oranges. Total tariff and excise amounted to $210,926, or an average of $14.75 a case.

For the eight months in 1938 in which tariff was applied on oranges the total quantity brought in from the British empire was 24,959 cases and from non-empire sources, 1,788,858 cases. Total tariff and excise amounted to $1,190,622 to protect the 25,000 cases, or an average throughout those eight months of $47.75 a case.

The other evening the hon. member for Kootenay East (Mr. Stevens) questioned some statements I made. I believe he was Minister of Trade and Commerce at the time the 1932 trade agreement came into effect. As such he should have known the situation in regard to oranges, one of the items dealt with in that trade agreement. He should have known that whether there is a tariff on oranges or not, from 85 to 90 per cent of the oranges imported into Canada will come from the United States of America. He should have known that it was utterly impossible to supply the needs of Canadian consumers of oranges from British empire sources. The two main countries that were to be protected were Australia and South Africa. Australia grows only 2,500,000 cases of oranges all told, and Canada eats that much in an ordinary year. South Africa grows only 3,000,000 cases a year, and during this last year, 1938, according to the returns as brought down for the hon. member for Saskatoon (Mr. Young) not one case of oranges came from Australia and only 130 cases came from South Africa.

The other evening I made the statement that the oranges which were allowed in free during January, February, March and April did not necessarily come from California. The hon. member for Kootenay East said the flush production of oranges in California was from December to April. I disagreed with my hon. friend; I said he was entirely wrong, and he maintained he was not. I stated that in California navel oranges are ripened, picked and shipped during November, December and January, and Valencia oranges during April, May, June and July. The hon. member for Kootenay East questioned my statement and said that there was a much smaller quantity of Valencias than of navels; according to him the quantity of Valencias was of small importance. As Minister of Trade and Commerce at the time the treaty was made he exhibited about the same amount of knowledge concerning this business as he did the other evening in the house. As a matter of fact in the part of California, of which he was speaking, there are some 94,000 acres all told producing navel oranges, which are packed during the months I stated, and 145,000 acres producing Valencia oranges, which the hon. member said were the smaller amount. It would be well for anyone when speaking in this house to try to have the facts and to give only the facts.

In connection with this item, according to the trade treaty, there is a different period which might be used. I would say that Australia is not affected by importations of oranges in December, but might be affected by oranges imported in July, provided they shipped oranges to Canada, which they have not done for the last year. But Canada is a large country. Oranges that enter at the

west coast are seldom shipped east of Winnipeg, and oranges that enter at the east coast seldom go farther west than Winnipeg. Therefore, a treaty that takes in these months may make a difference to the eastern shippers, that is the British West Indies, or South Africa, and no difference to the western shippers. In other words, it does not matter whether you have the month of July free in the east to the British West Indies or South Africa, nor does it matter whether you have the month of December free in the west so far as Australia is concerned; but the tremendous cost to the consumers of Canada should be taken into account.

But something else should also be noted. As I said the other night, this is just an instance of what was done to the people of Canada by the British empire agreements. We therein bound duties against decrease, and when you bind a duty against decrease you give to someone else the right to use the bargaining power of your tariff. This has been done in this and many other instances under the British empire agreements. In other words, we have placed our tariff where we cannot lower it in order to get concessions from another country when making a trade agreement with them. But it is quite conceivable that other countries within the British empire can use the right they have to allow us to lower that tariff in order to get concessions for themselves in trade treaties with other countries of the world. That is the worst feature that has ever been put in any trade agreement in Canada.

The trade treaty of 1932 was full of such items. There were 200 of these items, though there are now less than ninety. But when they were put there due consideration was not given to the cost, because in many instances, just as in connection with oranges, the British empire could not possibly supply from within the empire those commodities which we needed, and the net result was that there was a great rise in cost to the people of Canada for all the goods they had to buy under that treaty.

I know the Minister of Finance has endeavoured to get this period lengthened.

Mr. DUNNING: It is lengthened one month under this agreement.

Mr. ROSS (Moose Jaw): And it may be further lengthened. I hope the minister will use his good offices and those of the men associated with him in the making of trade treaties to approach once more those countries that have the right to say whether we can lower our tariff on oranges. They are hardly shipping anything into this country, so that the provision can be of little use to them, and we might see whether they would not agree to allow Canada under this treaty, or under the budget, to lengthen the period of free entries or to make oranges entirely free.

Mr. STEVENS: The hon. member for Moose Jaw has read me a lecture upon my ignorance of this subject, and he has also advised the committee that he himself is interested in the orange-producing business in California—a delectable occupation which many persons in this rather cold climate frequently look upon as a sort of haven of refuge for their old age. The hon. member, before being so caustic in his observations regarding myself, might have taken the trouble to look up the reasons that were advanced at the time this duty was imposed in 1932. Had he done so he would have found a few facts such as those that I shall mention in the course of a brief statement.

There was no suggestion that we should impose this duty on oranges merely for the protection of oranges coming from Australia and South Africa. The point in the whole business was this. Some fifteen or twenty years ago Canada used to bring in oranges from the West Indies and from central American points as well as from other countries in competition with oranges from Florida, California and other parts of the United States. The competition at that time was exceedingly keen and the Canadian purchaser of oranges got all the advantages of a competitive market. During that period, twenty or twenty-five years prior to the imposition of the tariff in 1932, the citrus fruit growers of California attained such a high degree of exclusiveness of organization that they drove the West Indian orange growers out of this market, which was their best. Indeed, the West Indian growers were affected to such an extent that they uprooted their orchards as a complete loss in consequence of their having been denied the Canadian market.

Figures were given demonstrating this. The result was that oranges ceased to come in from the West Indies in competition with oranges from California, with the highly organized method of production there, and in consequence prices of oranges were higher during all subsequent years than they had been before. There was no competition; there was no competitive buying; the price was fixed by the citrus growers of California, who are recognized as the most highly organized and the most closely controlled industry in the United States. They seriously affected

the production of oranges in Florida, which had also been a source of supply for the United States and Canada.

Having that situation in mind, recognizing that Canada has an excellent market in the West Indies for some of our products, and that there were few products that the West Indies could ship to Canada, we decided to impose this duty, which was really tantamount to a duty against California, upon the importation of oranges from the United States, in the hope and expectation that the West Indies would thereby be encouraged to replant their orange groves and restore the balance of competitive trade with the highly organized industry of California. Briefly, that is the story.

It is true that at the same time we hoped that we might develop some importations from Australia and South Africa, and we did. We brought in quite a number of shipments. The hon. member has quoted certain figures, but they relate to a condition which is subsequent to the change made in the tariff in the 1935-36 agreement. I say 1935-36, because the agreement came into effect on January 1, 1936. Prior to that time the rate was thirty-five cents a cubic foot the year round, and it was then amended, being free, for the months of January to April, but otherwise thirty-five cents a cubic foot. I have not the statistics before me, but I venture to say they will show there was considerable importation of oranges during those years prior to 1936; and had we maintained a tariff at that standard to give time for the development of the trade, we should undoubtedly have restored that very happy condition of external competition which we had aimed at in the imposition of this duty.

The hon. member takes an extravagant method of showing the effect of protection. He takes the total revenue collected on the importation of oranges from the United States and divides it by the importations from empire countries since the trade agreement of 1935. Then, by this method of arithmetical calculation, he says we are giving a protection of $40, $50, $60, $70, and I think it went up to $700 in one instance, per case to empire growers. Of course the argument is ludicrous and absurd in the extreme. It is an old trick in oratory and rhetoric to carry a thing to an absurd point in order to invite attention to the argument being presented.

Mr. ROSS (Moose Jaw): I know my hon. friend does not want to misinterpret what I said. I did not say it was giving that protection to fruit of British empire origin; I said it was costing the consumers of Canada that much to protect British empire growers.

Mr. STEVENS: Unfortunately the hon. gentleman did not confine himself to that statement. He repeatedly said, "This is what you are paying for protection to the empire grower," quoting the figure per case. Of course that is absurd. He himself recognizes that fact now, and it would be abhorrent to him if such a statement were allowed to pass unchallenged; so, with that exceptional degree of intelligence which he possesses, he very properly hastens to correct any such impression.

Mr. ROSS (Moose Jaw): Oh, no.

Mr. STEVENS: The suggestion he has advanced is not the case at all, of course; it was not with that idea in view that this duty was imposed.

Mr. YOUNG: But that is the result.

Mr. STEVENS: No; it was for the purpose of increasing external competition.

Mr. DUNNING: The hon. gentleman does not mean that.

Mr. STEVENS: I should like to add another word. The argument has been most dogmatically advanced that the consumer has been called upon to pay the entire difference between the price without duty and the price after the collection of duty. I have not had time to make a study of the matter, but I am not as ignorant in these matters as my hon. friend represents me to be, in spite of the fact that at the time I was Minister of Trade and Commerce, which in some way or another seemed in his opinion to be a warrant that I was completely ignorant. My hon. friend the present minister is not in his seat, but he will have to settle that question himself with the hon. member. I have studied this question with great care, and for some years after this duty was imposed I watched the situation with interest in order to guard against the very thing set forth by my hon. friend. Speaking now from memory, after having checked prices in retail stores, for several of those years I know the price of oranges was lower than it had been previously.

Again I am subject to correction, because I am speaking wholly from memory, but if I am not mistaken there was an exceedingly bad winter in California not so very long ago, during which period a substantial portion of the orange crop was destroyed, and I believe my hon. friend was focusing his attention mainly on the year or season following that destruction. Of course no one can guard against such occurrences. There will be seasons when the ravages of nature will cause advances in prices; but if we take them year by year I think it can be shown that prices of oranges

in Canada did not increase to any great extent as a result of this treaty. Furthermore, I think it will be shown that there was a substantial importation of oranges from empire countries.

Of course, Mr. Chairman, if I had been minister I would have been watching the situation with very great care particularly during the last year or two. If as a result of our imposition of this tariff the West Indies have made no reasonable effort to restore the production of oranges—which takes a number of years, as my hon. friend, who is a grower of oranges in California, will know better than I do—if they have not taken steps to replace the orchards that were destroyed by the citrus fruit union of California a few years previously, then I think the time would come to review whether or not we should abandon this duty, which was imposed for the very purpose of restoring that production. I am not in a position to say what the present situation is; perhaps the minister has the information. I will say this, however. We are warranted in maintaining this duty until we are satisfied that such a condition obtains. After all, in these matters we are justified in taking a fairly long view. In fact this idea of determining a fiscal policy on what may happen to-day or yesterday or during any season when serious damage is done by nature is an exceedingly unwise course. I suggest that the proper course to pursue is to mark out one's objective and adhere to it until there are valid reasons for changing one's course.

I had no notion of speaking on this item, and would not have done so except for the fact that statements were made which I thought were not strictly relevant to the argument but which rather led the minds of hon. members away from the real facts. There was also, of course, the suggestion that I was so densely ignorant that I did not know my business, so I thought it might be proper to make at least a feeble attempt to justify some modicum of intelligence and a little knowledge of the matter, although not, of course, the knowledge my hon. friend has. I want to pay him this tribute; as a grower in California he certainly is entitled to instruct this house in all that pertains to the interests of the California growers.

Mr. ROSS (Moose Jaw): My hon. friend says I am a grower of oranges in California. I am a grower of wheat in Saskatchewan. I said that it fell to my lot to have to look after some interests of some of the older members of my family in California.

Mr. STEVENS: It is a pretty happy lot, too.

[Mr. Stevens.]

Mr. ROSS (Moose Jaw): I do not say it is not. In any event, I have to visit California once in a while. I was glad to hear my hon. friend was trying to build up this industry in the West Indies. As he says, it takes about fifteen years to bring these trees into full bearing. The hon. gentleman said the trees were uprooted because of competition in Canada, but I understood there was an open market at that time. Surely, however, we do not have to wait for fifteen years in order to get rid of the load that was placed on the people of Canada by my hon. friend's party.

Mr. DUNNING: Perhaps I might be allowed to say one word in regard to oranges, purely with the idea of expediting the passage of this item. It is often said, and indeed I have said it myself, that no subject can be raised in the House of Commons without finding somewhere among its 245 members expert knowledge of that particular subject; but frankly, I did not expect to find quite the wide range of expert knowledge which has been demonstrated from all quarters of the house with respect to a commodity which is not produced in Canada at all. But I simply desire to say this, with respect to the item now before us: It results in a month longer period of free importation.

Mr. SPENCE: The free period is now seven months, is it not?

Mr. DUNNING: No. It is four months now, and under the new agreement it will be five. It is one month longer than was in existence prior to January 1 last. In addition the treaty contemplates giving us the option to adopt two months more.

Mr. SENN: Three months more than now?

Mr. DUNNING: Three months more than prior to January 1. The new period under the treaty is now in effect. The reason why the period exists is no doubt well known to hon. members. It exists by virtue of certain other treaties with other members of the British commonwealth of nations to which this country is a party. Therefore any change in what is contemplated directly in this treaty must be the result of consultation between those countries which are parties to other treaties with Canada, affecting the item. As to whether or not we shall adopt the alternative for which the treaty provides, depends upon developments in that connection. I think I should say to all hon. members that the points of view expressed from different parts of Canada will be in my mind when the matter of changing the period is up for

consideration, or for consultation as the case may be, with other members of the British commonwealth of nations.

I have only one observation to make of a kind which may be regarded as somewhat controversial. If I could make a guess at one of the major motives of the government which preceded this one in putting a duty on oranges, I think it would be fair to say that one of those major motives was to get revenue. I doubt if the hon. member for Kootenay East, the former Minister of Trade and Commerce, will deny that statement, because it is quite obvious that considerable revenue does come from this tax.

Mr. STEVENS: Leave off the word "major" and I shall agree with my hon. friend.

Mr. DUNNING: "One" of the major?

Mr. STEVENS: No.

Mr. STIRLING: Could the minister indicate when that decision will be arrived at?

Mr. DUNNING: No, I cannot do that. Some other countries of the empire which are concerned have indicated their unwillingness to consider any concession. Again I should like to impress upon the committee a fact which is frequently forgotten, namely, that there is not a treaty in existence between Canada and any other country which does not have within it features distinctly helpful to Canada. One could not say with respect to any particular item, and to any country, "Well, we are going arbitrarily to alter that item," without expecting that other country to take the same attiude with respect to an item it regards as being of advantage to itself. Indeed, at times we may have to face the question as to whether or not a treaty shall continue in operation, if it is too strongly insisted that something be done which would be of interest to a particular class of Canadian people.

I am not intimating that we have reached any decision with respect to oranges. I see the hon. member for Comox-Alberni (Mr. Neill) casting a cold and fishlike eye in my direction—all of which means, I know, that I have not said a word yet about mandarins and tangerines. May I assure him I have taken careful note of and shall give full consideration to the point he made in that regard. In the meantime he might have a little conversation with his neighbour about the matter.

Mr. STEVENS: We have already had one.

Mr. RICKARD: I am not opposed to the people of Canada getting cheap oranges, but I am opposed to their coming in here at about a cent each. There is no comparison between oranges at a cent each and cheap oranges. I contend that if they were two cents each the people of Canada would still be getting cheap oranges.

Mr. SPENCE: They are very small at a cent each.

Mr. ILSLEY: The hon. member for Comox-Alberni is, I am sure, under a misapprehension about one point. He seems to feel that mandarins and tangerines are free from Japan and dutiable from other countries. I thought that was his argument. The fact is that is not so; they are free from all countries which enjoy the most favoured nation treatment, and they have been since January 1, 1936.

Mr. NEILL: But since the order in council was passed in November, 1931, until the other day, it was not so. The order in council uses the expression "it is hereby ordered that mandarins and tangerines when grown in Japan," and so on. It confined the privilege to Japan, only, and it remained that way from 1931 until 1935.

Mr. DUNNING: Not until the other day.

Mr. STEVENS: That order in council was passed before the duty was placed on oranges in 1931.

Mr. NEILL: No, the duty was placed on oranges in June, 1931.

Mr. DUNNING: The United States became a most favoured nation by virtue of the 1935 agreement. And because of that this order in council applied thereafter to them.

Mr. BLACKMORE: I should like to associate myself with those who have urged that we enable the Canadian consumer to obtain oranges at the very lowest possible rate. At the present time there are large numbers of people in Canada who are suffering from inadequate incomes, and it happens generally that they are the people who are raising families and who, consequently, need oranges as cheaply as they can get them. It seems to me any measure we can take which will help those people would certainly be a good thing for Canada, and especially when we remember that there is a great need for oranges particularly for young people and for others who are not as well as they might be. May I, therefore, associate myself with the hon. member for Moose Jaw and other hon. members who have urged a lower rate on oranges.

Mr. PERLEY: For fear I may not have many opportunities later on to associate myself with the hon. member for Moose Jaw—

Mr. DUNNING: One of you must be wrong.

Mr. PERLEY: I cannot do it often; in fact, he almost made it impossible on this occasion, because of some of the absurd arguments he urged. On this occasion, however, I join with him and other hon. members, notably the hon. member for Rosetown-Biggar (Mr. Coldwell), in expressing the belief that the cheaper oranges are made, the better. Especially is that so when we realize that oranges are an important food commodity not only for children but for adults. I am glad the minister has expressed the opinion that there may be a possibility of even extending the time for free entry.

Item agreed to.

Customs tariff—101a. Lemons, free.

Item agreed to.

Customs tariff—ex 105b, ex 105c. Olives, ripe, in brine: 10 per cent.

Item agreed to.

Customs tariff—106. Fruits, prepared, in airtight cans or other airtight containers, the weight of the containers to be included in the weight for duty:

(a) peaches, 3½ cents per pound; apricots and pears, three cents per pound.

Mr. LOCKHART: The minister was, I believe, going to place some figures on record.

Mr. DUNNING: In the year 1938 total importations of peaches and apricots from the United States were valued at $15,900, and importations of pears at $2,500.

Item agreed to.

Customs tariff—106. Fruits, prepared, in airtight cans or other airtight containers, the weight of the containers to be included in the weight for duty:

(b) pineapples, 3 cents per pound.

Mr. DUNNING: Imports from the United States in 1938 were $24,900.

Mr. MARSHALL: I notice the British preferential tariff on peaches, apricots and pears is two cents per pound. Does that rate extend to New Zealand and Australia?

Mr. DUNNING: By agreement the Australian rate is lower than the British preferential, it being one-half cent per pound on peaches and free on the other fruits. The New Zealand duty is the straight British preferential rate.

[Mr. Blackmore.]

Mr. COLDWELL: I suppose this is a straight revenue item because we raise no pineapples in Canada.

Mr. DUNNING: The British preferential is involved in the difference between the British preferential rate and the United States treaty rate. The British preferential rate is one cent.

Mr. COLDWELL: Why not make the British empire product free? Why not start from nothing instead of one cent?

Mr. DUNNING: They are free from Australia, so we do start from nothing.

Item agreed to.

Customs tariff—106. Fruits, prepared, in airtight cans or other airtight containers, the weight of the containers to be included in the weight for duty:

(c) n.o.p., 3 cents per pound.

Item agreed to.

Customs tariff—108. Honey, in the comb or otherwise, and imitations thereof: 1½ cents per pound.

Mr. PERLEY: I think we got a little the worst of the deal in this item. I notice the reduction is from 2½ cents per pound to 1½ cents per pound, which is a 40 per cent reduction. The reduction granted by the United States is from 2 cents to 1½ cents, which is a 25 per cent reduction. I notice that the United States imported from all countries $15,080 worth, of which $1,385 worth came from Canada. Could the minister give us the exports from Canada for 1936, 1937 and 1938, and, if possible, the exports to Great Britain?

Mr. DUNNING: With respect to the first point raised by my hon. friend, I may say that the full extent of the president's power was exercised, as between two treaties, one with Guatemala and the United States, and the other between Canada and the United States. As the hon. member will have noted, the rates now agree. Our total exports for 1936 amounted to $151,000; for 1937, $225,000, and for 1938, $246,000. Last year we exported to Great Britain a total of $205,300 worth.

Mr. PERLEY: The production of honey has become a main industry in western Canada. I believe last year a large shipment of western honey went to Great Britain via Churchill. Perhaps it would be a little too much to ask the minister to give us any details with respect to that particular shipment?

Mr. DUNNING: I cannot, I am sorry.

Item agreed to.

Customs tariff—ex 109. Nuts of all kinds, n.o.p., but not including shelled peanuts, n.o.p.: one cent per pound.

Item agreed to.

Customs tariff—ex 114. Nuts, shelled, n.o.p., but not including shelled almonds, peanuts or walnuts: two cents per pound.

Item agreed to.

Customs tariff—115. Mackerel, herring, salmon and all other fish, n.o.p., fresh, salted, pickled, smoked, dried or boneless: ½ cent per pound.

Item agreed to.

Customs tariff—116. Halibut, fresh, pickled or salted: one cent per pound.

Item agreed to.

Customs tariff—117, ex. 133. Fish livers, fresh, salted or in preservative medium: free.

Mr. NEILL: What is the duty on fish livers entering the United States?

Mr. DUNNING: Inedible fish livers are admitted free into the United States, but edible fish livers are dutiable as portions of fish. Under the new agreement the rate on cod livers is reduced to 1⅞ cents, while halibut livers remain unchanged at 2½ cents per pound.

Item agreed to.

Customs tariff—ex 123a. Shrimps in sealed containers: 15 per cent.

Item agreed to.

Customs tariff—124. Oysters, shelled, in bulk: 5 cents per gallon.

Mr. MASSEY: Has the minister any idea of the domestic consumption of Canadian oysters compared with exports out of Canada?

Mr. DUNNING: Canadian production in 1937 was valued at $174,000.

Mr. MASSEY: I believe my question should have been asked on the next item.

Item agreed to.

Customs tariff—128. Oysters in the shell: 15 per cent.

Mr. DUNNING: I gave my hon. friend the production in Canada in 1937. In the same year we imported to the value of $8,300. Our exports are not separately reported. Apparently exports are reported under the total shellfish item, so that I cannot give my hon. friend the information for which he asked. I had hoped to be able to deduct the exports from the production and arrive at the consumption in that way.

Item agreed to.

Customs tariff—141. Sugar candy and confectionery, n.o.p., including sweetened gums, candied pop corn, candied nuts, flavouring powders, custard powders, jelly powders, sweetmeats, sweetened breads, cakes, pies, puddings and all other confections containing sugar, the weight of the wrappings and cartons to be included in the weight for duty: ½ cent per pound and 30 per cent.

Item agreed to.

Customs tariff—143a. Cigarettes, the weight of the paper covering to be included in the weight for duty: $3 per pound and 15 per cent.

Item agreed to.

Customs tariff—ex 152. Fruit juices, n.o.p., not including lime, orange, lemon or passion fruit juices: 15 per cent.

Mr. LENNARD: What is passion fruit?

Mr. DUNNING: I am not acquainted with it. We had plenty of experts on oranges, and perhaps we have one on the passion fruit.

Mr. TAYLOR (Nanaimo): It is grown in all tropical and sub-tropical countries. The granadilla has a flower which is peculiarly formed with certain related figures such as three, five and twelve. Because of its shape it has been called the passion flower.

Mr. DUNNING: I knew we could find experts in the house on anything, including passion fruit.

Item agreed to.

Customs tariff—ex 152. Fruit syrups, n.o.p.: 20 per cent.

Item agreed to.

Customs tariff—ex 156. Whiskey (subject to the provisos attached to tariff items 156 and 156a): $6 per gallon of the strength of proof.

Item agreed to.

Customs tariff—ex 167. Barley malt, whole, crushed or ground, upon entry for warehouse subjects to excise regulations: ⅜ cent per pound.

Item agreed to.

Customs tariff—169. Books, viz.: Novels or works of fiction, or literature of a similar character, unbound or paper bound or in sheets, but not to include Christmas annuals, or publications commonly known as juvenile and toy books: 10 per cent.

Mr. HAYHURST: There are a number of items here which are more or less related. There is a tax upon certain bindings coming into Canada. My remarks apply perhaps more to item 605a, which deals with morocco leathers. The duty on the raw materials used for binding is such that libraries find it cheaper to ship the books out of Canada unbound, to the United States, we will say,

and the libraries would like the duties upon morocco leathers, cloths and other substances which go into the binding of books, reduced or remitted in some way so that these books could be bound in Canada. That would help create work in Canada.

Mr. DUNNING: I am not sure I quite understood my hon. friend. He has spoken of shipping unbound books out of Canada, and then of binding books in Canada.

Mr. HAYHURST: Yes. I understand that the materials for these bindings are manufactured outside Canada, and there is a tax on those materials. The libraries would like to have the tax remitted, so that the books could be bound in Canada, thus aiding Canadian industry. Perhaps this refers more directly to item 605a, but the item before the committee is more or less bound up with the binding of books.

Mr. DUNNING: So far as my hon. friend's remarks relate to item 605a, I can give him the information now. Item 605a, covering morocco leathers, is a bound item; that is to say, under the British empire agreements we cannot reduce the intermediate tariff on morocco leathers.

With respect to the general question of drawbacks, if there is one thing which plagues tariff administration in any country it is applications by particular trades or industries to be allowed drawbacks on particular importations used for particular purposes. It is very difficult in administrative practice for my colleague the Minister of National Revenue; in consequence of the difficulties which have arisen in the administration of drawbacks generally I referred to the tariff board just a few weeks ago the whole question of studying the effect and incidence of all the existing drawbacks, and I have no doubt at all that those interested in the item to which my hon. friend refers will be active with respect to their view of that question during its hearing before the tariff board.

Item agreed to.

Customs tariff— ex 169, ex 171, ex 184. Books, periodicals and pamphlets, or parts thereof, printed, bound, unbound, or in sheets (not to include blank account books, copy books, or books to be written or drawn upon), in any other than the English language: free.

Item agreed to.

Customs tariff—ex 169, 184a, 184b, 184c, 184d. Periodical publications, unbound or paper bound, printed and issued at regular intervals, not less frequently than four times a year, and bearing dates of issue: free.

Mr. MacNICOL: This is one of ten items in the whole treaty to which I wish to refer, and I shall do so briefly. The reason why I say that is that I know it is hopeless for us to say anything because, in any event, anything we may say cannot change anything.

A week ago Saturday when I was home in Toronto I had occasion to call on one of the large printing houses which does a big business, and I found that it was very much concerned over this item and others associated with it, pertaining to books, printing and so forth. This printer told me that prior to 1935 he had purchased from the United States six large machines costing him a very great deal of money, and that prior to 1935 all these machines were busy. At that time he was printing a large number of periodicals. But since the change in the tariff in 1935 two of these large machines are idle, and two others are for sale, and he anticipates increased difficulty as a result of the items in this treaty. One of these machines is operating only half-time, and the other only one third of the time. The printer told me that the cut in the tariff in 1935 reduced the number of his operators by fifty, men and women, youths and girls; it meant a loss to his business of $400,000 a year, and as far as he knew it meant a reduction of 200 in employees in the whole trade in Toronto.

What strikes me as peculiar is this: While our whole foreign trade imports dropped last year $131,000,000, our importations under item ex 169 increased by $908,000. That just means, of course, that much less printing for Canadian printers. While we can do nothing about this item by discussing it in this chamber, I did feel that I had to say a word on behalf of our printers and their employees who have been thrown out of work.

Mr. MASSEY: While I heartily endorse what the hon. member for Davenport has said, there is another element in connection with this item which should not pass without something being said about it. I am quite sure that the minister realizes, as does his colleague the Minister of National Revenue, that since the change in this item in 1935 this country has been virtually flooded with a type of periodical which cannot be called elevating, to phrase it mildly.

Mr. DUNNING: Prior to that they were printed in Canada.

Mr. MASSEY: Some of them; but there are now, I understand, some one thousand titles listed by many of those who deal in periodicals. I do not pose as an authority on this type of periodical, but I should like to ask one or two questions of the minister.

First, how are these magazines censored? Perhaps "censored" is an ugly word. On what basis are they admitted into Canada?

Mr. DUNNING: From a censorship point of view?

Mr. MASSEY: Yes.

Mr. DUNNING: I will ask my colleague to answer that.

Mr. ILSLEY: We have discussed this matter pretty often in the house and outside. There is a branch of the Department of National Revenue, customs division, which is charged with the duty of examining periodicals with a view to determining whether they are treasonable, seditious, indecent or immoral. If the officials decide that they are, then they are prohibited from entering Canada, and collectors are notified accordingly.

Mr. MASSEY: I think the Minister of National Revenue (Mr. Ilsley) as well as the Minister of Finance (Mr. Dunning) will realize that the menace of certain types of publications is far greater perhaps than we have yet shown in our recognition of the existence of those magazines. It seems to me that not only is the question raised by the hon. member for Davenport an important one under this item, but the matter of salacious publications is most important, and obviously a most efficient way of dealing with it is by the imposition of a duty against these magazines which would put them out of the reach of those who now wish to purchase them. Accordingly I wondered whether the Minister of Finance had given any consideration to what it might be possible to do in this connection, or is the item so completely bound that it cannot possibly be changed?

Mr. DUNNING: I remember well the discussions in this house years ago on the same question. I took the ground then, and I take it still, that no tariff can be a protector of the morals of people in connection with literature. I think the result when a tariff was put on fully bore out my contention in that respect, because the offending magazines were simply printed in Canada; and I believe I am right in saying that it was more difficult to control from the point of view of decency what shall be printed when the printing takes place within Canada than it is to control the entry of such literature into the country. As a matter of fact, only the Minister of National Revenue has control over importations.

I do not know any branch of the Canadian government service which has censorship privileges with respect to indecent publications within Canada except that I believe there is some measure of control under the postal regulations. But I think the Postmaster General (Mr. McLarty) will also say that it is a very difficult matter, as many of these publications do not go by post. The Postmaster General says that only a very small fraction do. The Minister of National Revenue tells me that over 20,000 imported magazines were seized last year by the branch of his department concerned; and I believe we can say that the branch of government concerned is dealing with that very difficult task in a way which would commend itself to those interested, although there are constant protests against the severity of its rulings. That has always been so under all governments; it has been a difficult, thorny question. It was hoped by many in this house that the imposition of a tariff would have the effect of exercising control; in fact, it was one of the arguments used in my early years in the house. But I never believed it would have that effect, and I am quite sure that the event proved that there could be no effective control in that manner.

Mr. MASSEY: Is it not true that possibly some seventy-five per cent of the importations of such periodicals come in under about twenty-five titles? A small number of magazines enter Canada in large quantities?

Mr. DUNNING: Oh, no.

Mr. MacNICOL: About seventy-five, I think. Some seventy-eight were printed in Canada.

Mr. DUNNING: I am sure twenty-five is too small a number.

Mr. MASSEY: I was not able to get the detailed figures.

Mr. ROSS (St. Paul's): What would be the United States tariff on our goods similar to this item going in there?

Mr. DUNNING: Goods corresponding to this item are free.

Mr. LENNARD: In support of what was said by the hon. member for Greenwood (Mr. Massey), I might draw to the minister's attention the fact that some of these magazines and periodicals which come into Canada have been banned in certain states of the United States. Strange as it may seem, I understand that certain magazines which are being shipped into Canada are not allowed to circulate in Chicago and several other western cities. I do not know the names of the periodicals, but I was given that information

on fairly good authority. It might be well to have the matter investigated. I think that rule has been put into force only during recent months.

Mr. ILSLEY: I think the proper place for the discussion of this question of prohibition of periodicals is under the estimates of the Department of National Revenue. That is where this discussion takes place every year. I shall be glad to answer questions then.

Item agreed to.

Customs tariff—ex 174. Tourist literature issued by national or state governments or departments thereof, boards of trade, chambers of commerce, municipal and automobile associations, and similar organizations: free.

Item agreed to.

Customs tariff—ex 178, ex 178a. Advertising and printed matter, whether imported by mail or otherwise, when in individual packages valued at not more than $1 each and when not imported for sale or in a manner designed to evade payment of customs duties: free.

Mr. ROSS (St. Paul's): Would it not be possible for a firm here to send to the United States a mailing list and have these articles come in free and be distributed in that way?

Mr. ILSLEY: That is possible unless it is an evasion. The hon. member will note that the concluding words of the item are

. . . when not imported for sale or in a manner designed to evade payment of customs duties.

The question of when the supplying of a mailing list is an evasion and when it is not is difficult to determine. It is covered by recent rulings and regulations of the department. I have not them here, but I can supply them to the hon. member if he would like to have them.

Mr. ROSS (St. Paul's): Take, for instance, the distribution of calendars, some worth twenty-five or thirty or forty cents each; would that be an evasion? A mailing list could be sent to the other side and the stuff come in for advertising purposes. That would be no evasion that I could see.

Mr. ILSLEY: I do not want to go into that question without having the rulings and regulations before me, because the question is exceedingly difficult. But there comes a time when we say it is an evasion of this item. The item was not intended for the purpose suggested at all; it was intended to let United States organizations like hotels and railway companies send their literature into Canada without its being dutiable. They permit a great deal of our literature of that kind to enter the United States free.

Mr. DUNNING: It is all free.

[Mr. Lennard.]

Mr. ILSLEY: And this was designed to give them the same privilege in this country. When a Canadian firm asked if they could do what the hon. member suggests, the question was whether they were not changing the whole intention of the item and making it apply to a different purpose altogether, and we made a ruling on it which I had better supply to my hon. friend instead of trying to state it to him from memory.

Mr. STIRLING: If evasion is proved, what duty will be paid?

Mr. DUNNING: Twelve and a half cents.

Mr. ROSS (St. Paul's): Under the item as it stands it would not be an evasion if a firm sent a mailing list to the United States and had a calendar made, to be sent to each individual on the list. It would be perfectly open and above board.

Mr. DUNNING: I suggest that if a person publishing a calendar intended to advertise a Canadian concern, having that concern's name on it, and sent the mailing list to the United States, having the calendar mailed from there, it would be obviously an evasion. It is a calendar advertising a Canadian concern, and an effort is made to ship it in from the United States under this item instead of under the item that is properly applicable.

Item agreed to.

Customs tariff—179. Labels for cigar boxes, fruits, vegetables, meats, fish, confectionery or other goods or wares; shipping, price or other tags, tickets or labels, and railroad or other tickets, whether lithographed or printed, or partly printed, n.o.p.: 27½ per cent.

Item agreed to.

Customs tariff—180. Photographs, chromos, chromotypes, artotypes, oleographs, paintings, drawings, pictures, decalcomania transfers of all kinds, n.o.p., engravings or prints or proofs therefrom, and similar works of art, n.o.p.; blueprints, building plans, maps, and charts, n.o.p.: 20 per cent.

Item agreed to.

Customs tariff—181. Bank notes, bonds, bills of exchange, cheques, promissory notes, drafts and all similar work, unsigned, and cards or other commercial blank forms printed or lithographed, or printed from steel or copper or other plates, and other printed matter, n.o.p.: 27½ per cent.

Item agreed to.

Customs tariff—181a. Pictorial post-cards, greeting cards and similar artistic cards or folders: 30 per cent.

Mr. ROSS (St. Paul's): No doubt the minister has had several letters with regard to this industry in Toronto. It is a new industry that has gradually grown. There are two firms

there engaged in the production of post-cards. The industry was started in 1931, but the competition is becoming serious. With the removal of the excise tax and the lowering of the tariff, it has now reached the point where a great many of these cards can come in and be sold over the counter for five cents, whereas before they sold at from six cents to ten cents. There is also a considerable number of over-runs and discards which can be brought in cheaply. The industry is worthwhile, and there will be no extra cost to the consumer so far as the tariff is concerned, but the tariff does protect Canadian producers. There are a great many classes employed in this production—the artists, the engravers and the general workmen. I simply wanted to bring these facts to the attention of the minister.

Item agreed to.

Customs tariff—ex 184. Newspapers, unbound, n.o.p.; tailors, milliners' and mantle-makers' fashion plates, when imported in single copies in sheet form with periodical trade journals: free.

Item agreed to.

Customs tariff—187. Albumenized and other papers and films chemically prepared for photographers' use, n.o.p.: 20 per cent.

Item agreed to.

Customs tariff—192. Tarred paper and prepared roofings (including shingles), fibreboard, strawboard, sheathing and insulation, manufactured wholly or in part of vegetable fibres, n.o.p.; blotting paper, not printed nor illustrated: 22½ per cent.

Item agreed to.

Customs tariff—I92b. Sandpaper, glass or flint paper, and emery paper or emery cloth: 20 per cent.

Item agreed to.

Customs tariff—192d. Electrical insulating pressboard, not less than ·040 inch in thickness: 12½ per cent.

Item agreed to.

Customs tariff—195. Paper hanging or wall papers, including borders or bordering: 30 per cent.

Item agreed to.

Customs tariff—197. Paper of all kinds, n.o.p.: 22½ per cent.

Item agreed to.

Customs tariff—ex. 197. Electric cable insulating paper, ·0045 inch or less in thickness, and condenser tissue paper: 10 per cent.

Item agreed to.

[Mr. Douglas G. Ross.]

Customs tariff—197b. Wrapping paper of all kinds, not pasted, coated or embossed: 25 per cent.

Item agreed to.

Customs tariff—198. Ruled and border and coated papers, boxed papers, pads not printed, papier-mâché ware, n.o.p.: 27½ per cent.

Item agreed to.

Customs tariff—199. Papeteries, envelopes, and all manufactures of paper, n.o.p.: 27½ per cent.

Item agreed to.

Customs tariff—199b. Containers wholly or partially manufactured from fibreboard or paperboard: one cent per pound.

Provided. that in no case shall the rate of duty be less than 25 per cent.

Item agreed to.

Customs tariff—199c. Waxed stencil paper for use on duplicating machines: 27½ per cent.

Item agreed to.

Customs tariff—200. Pulp of wood, of straw or of any other vegetable fibre: free.

Item agreed to.

Customs tariff—206a. Biological products, animal or vegetable, n.o.p., for parenteral administration in the diagnosis or treatment of diseases of man, when manufactured under licence of the Department of Pensions and National Health under regulations prescribed by the Food and Drugs Act; and biological products, animal or vegetable, n.o.p., for parenteral administration in the diagnosis or treatment of diseases of animals or poultry, when imported under permit of the veterinary director general: free.

Item agreed to.

Customs tariff—ex 208. Sulphur and brimstone, crude or in roll or flour: free.

Mr. MacNICOL: What is this item for? Heretofore it has been free all along the line.

Mr. DUNNING: It is to bind a free entry. We agreed not to put a duty on during the currency of the treaty.

Item agreed to.

Customs tariff—ex 208j. Nitrate of ammonia, when imported for use in the manufacture of nitrous oxide: 10 per cent.

Item agreed to.

Customs tariff—208t. All chemicals and drugs, when of a kind not produced in Canada, which were on August 20, 1932, dutiable at rates of 15, 25 and 25 per cent, under tariff item 711: 17½ per cent.

Item agreed to.

Customs tariff—ex 208t. Bicarbonate of soda, 12½ per cent.

Item agreed to.

Customs tariff—ex 208t. Methyl ethyl ketone; isopropyl acetate; butyl alcohol: 25 per cent.

Mr. COLDWELL: What is this substance used for?

Mr. DUNNING: It is used in the manufacture of anti-freeze.

Mr. COLDWELL: Is there any considerable production in Canada?

Mr. DUNNING: We have no recorded production in Canada of this group of high-sounding names.

Mr. COLDWELL: If they are not produced in any quantity in Canada, because we use so much anti-freeze, I can see no justification for the duty except for revenue purposes.

Mr. DUNNING: It is bound against increase. It must be remembered that this is only one of many commodities which alternatively can be used for the manufacture of anti-freeze. There are new commodities coming into that field every year, and as a motorist who drives in the winter I am glad to see it.

Item agreed to.

Customs tariff—208u. Xanthates and sulphothio-phosphoric (dithio-phosphoric) compounds, for use in the process of concentrating ores, metals or minerals: free.

Item agreed to.

Customs tariff—210.

(i) Peroxide of soda; silicate of soda in crystals or in solution; nitrate of soda or cubic nitre, n.o.p.: sulphide of sodium; nitrite of soda; arseniate, binarseniate, bisulphite and stannate of soda; prussiate of soda: 15 per cent.

(ii) Bichromate, sulphite and chlorate of soda: 12½ per cent.

Item agreed to.

Customs tariff—210e. Nitrate of soda or cubic nitre when imported for use as a fertilizer or as a flux in the reduction of electrolytic copper slimes, or for use in the curing and pickling of meats or in the manufacture of vitreous glazes and enamel frits, or when imported by manufacturers of explosives for use exclusively in the manufacture of explosives, in their own factories: free.

Item agreed to.

Customs tariff—212. Sulphate of alumina or alum cake; and alum in bulk, ground or unground, but not calcined: 15 per cent.

Item agreed to.

Customs tariff—216. Acids, n.o.p., of a kind not produced in Canada: 20 per cent.

Item agreed to.

[Mr. Dunning.]

Customs tariff—216d. Phtnalic anhydride, adipic, abietic, maleic and succinic acids and ethylene glycol, when imported by manufacturers of synthetic resins, for use exclusively in the manufacture of synthetic resins, in their own factories: free.

Item agreed to.

Customs tariff—219a. Non-alcoholic preparations or chemicals, for disinfecting, dipping, spraying or fumigating, n.o.p.:

(i) when in packages not exceeding three pounds each, gross weight: 22½ per cent.

(ii) otherwise: 7½ per cent.

Item agreed to.

Customs tariff—219d. Sulphuric ether; chloroform, n.o.p.; preparations of vinyl ether for anaesthetic purposes: 20 per cent.

Item agreed to.

Customs tariff—220. All medicinal, chemical and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, filled gelatine capsules, tablets, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:

(a) when dry: 20 per cent.

(b) liquid, when containing not more than two and one-half per centum of proof spirit: 27½ per cent.

Provided that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or United States pharmacopoeia, the Canadian formulary or the French codex as official, shall not be held to be covered by this item.

Item agreed to.

Customs tariff—220. Ex (b) Dextrose (glucose) solutions, prepared, for parenteral administration in therapeutic treatments: free.

Item agreed to.

Customs tariff—ex 228. Soap powders, powdered soap, mineral soap, and soap, n.o.p., not including toilet soap: 25 per cent.

Item agreed to.

Customs tariff—234. Perfumery, including toilet preparations, non-alcoholic, viz., hair oils, tooth and other powders and washes, pomatums, pastes, and all other perfumed preparations, n.o.p., used for the hair, mouth or skin: 30 per cent.

Mr. MacNICOL: I wish to say a few words in connection with this item.

Mr. DUNNING: This is a fitting place to stop.

Item stands.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRAIRIE FARM REHABILITATION

AMENDMENT TO EXTEND PERIOD OF OPERATION OF ACT, ETC.

Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee on Bill No. 36, to amend the Prairie Farm Rehabilitation Act.

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

On section 1—Appropriations.

Mr. QUELCH: I should like to make a few observations on this bill. I realize that a great deal of valuable work has been done under this act; nevertheless because of its limitations I think it is unable to deal adequately with the problems of the permanent drought area, and in referring to that area I have in mind that part of Alberta east of a line drawn north and south of the town of Hanna. In that area, in order to deal with the problem in such a way that a farmer might be able to enjoy a reasonable standard of living, I believe we are still faced with one of two alternatives, either to make a greatly increased acreage of land available to the farmer in order that he may go into ranching, or to develop irrigation projects.

The first of these alternatives has been undertaken to a certain extent already by the special areas board of Alberta. For instance, in the Berry Creek area the aim has been to allow three thousand acres per family, with a definite limitation upon the amount of stock that can be carried per quarter section. I believe the limit is three head per quarter section or one head per fifty acres, because it is realized that in that area it takes about fifty acres of land to maintain one head of stock. Under this act a great deal of crested wheat grass seed has been distributed, and once that is established no doubt the number of head of stock per quarter section may be increased. Farmers, however, have been greatly handicapped by lack of finances with which to buy stock to build up their herds. This is especially so, following the unfortunate occurrence of a year ago when, owing to lack of feed, the federal government in conjunction with the provinces framed certain regulations under which the farmers were forced to reduce their stock in order to obtain relief feed. Now they find themselves in the unfortunate position of not having the money with which to buy stock to build up their herds. So, as I have already stated, I believe a great deal of the drought area in Alberta—and possibly this applies to Saskatchewan as well—eventually will have to be turned back to grazing unless large irrigation projects are instituted.

A certain amount of the land in the drought area of Alberta is especially suitable for irrigation purposes. Many schemes have been surveyed and endorsed by engineers. Perhaps the best known scheme is the North Saskatchewan project, generally referred to as the William Pearce project. Under that scheme a million and a half acres would be irrigated, one million in Saskatchewan and half a million in Alberta. When the estimates were first prepared I think the cost was figured to be approximately $70 an acre to irrigate land in Saskatchewan; but according to certain well known engineers that figure can be considerably reduced to-day. I think it is estimated that it can be cut approximately in half. While the major project may be considered too expensive or not feasible, there are a number of modified schemes based upon the William Pearce project, such as, for instance, the Sullivan Lake project. Under that scheme half a million acres in Alberta would be irrigated, at a cost of approximately $23,000,000. In this instance also this figure probably could be cut considerably, on account of the fact that dirt can be moved very much more cheaply to-day than was the case when the original survey was made, and the further fact that at the present time this land is largely owned by the government, so there would be no necessity for buying very much land. These projects, however, are entirely beyond the financial resources of the province, and if they are to be put into operation they will have to be financed by the federal government. At the present time, as I understand it, this act is not so constituted that large irrigation projects can be financed, but I am hoping that, as time goes on, a change may be made which would allow these larger projects to be carried on.

If these schemes are put into operation without building up excessive charges against the land, I think they may become highly satisfactory, judging from past history. In Alberta to-day many of the larger irrigation projects are operating successfully; the farmers are making a fairly decent living and are able to pay the maintenance costs. It is useless, however, to expect a project of this kind to be able to repay the capital charges, and if irrigation projects are to be put into operation in the future with any hope of success, we shall have to construct them without placing a charge against the land.

I should now like to say just a few words with regard to the methods of administration adopted under this act, because I do feel that in some ways the administration of this act in Alberta has been somewhat unfortunate. In my province there is a definite feeling that in the matter of expenditures there has been a great deal of discrimination against Alberta compared with Saskatchewan. Of course I realize that the area in Saskatchewan is very much larger than the area in Alberta, and this may partly account for this feeling. Apart from that, however, there are other reasons why people feel that Alberta has been discriminated against. I might mention one instance, the Bartman dam which was built in my constituency. The contract for this dam was awarded the Poole Construction Company, with headquarters in Regina, which put in a tender amounting to something like $19,332. The special areas board of Alberta put in a tender totalling about $150 less.

Mr. GARDINER: Mr. Poole's home is in Edmonton.

Mr. QUELCH: Yes; the firm have offices in Edmonton, but their headquarters are in Regina.

Mr. GARDINER: And Mr. Poole lives in Edmonton.

Mr. QUELCH: Nevertheless the headquarters of the company are still registered as being in Regina. In any event the contract was let to the Poole Construction Company. If it had been awarded to the special areas board, the work would have started far earlier than it did. The Poole Construction Company had to bring in their material and their outfit; a great deal of time was wasted, with the result that the spillway of the dam was not completed in time. When spring came, the water, instead of running down the spillway, ran over the top, and the dam was washed out. If that dam had been constructed by the special areas board, I believe this would not have happened, because only six miles below the Bartman dam the special areas board built what is known as the Helmer dam. Not only did that dam withstand the natural flow of water, it also withstood the force of the water which broke down the Bartman dam. Of course the Helmer dam is a smaller dam; nevertheless it was saved. Moreover, if that contract had been awarded to the special areas board, far more of the money would have been spent locally instead of going out of the district, as it did when it was paid to the Poole Construction Company. That, I think, was unnecessary. I suppose there was some reason for awarding that contract to this company, but their tender was higher than that of the special areas board, which was on the spot and which possessed a great deal of experience in building dams of this kind. So I think it was strange that the special areas board did not obtain the contract.

Now that we are in committee I should like to ask the minister if he could give us any information as to whether or not any action is being taken along the line of investigating the Sullivan Lake project, and also whether any action is being contemplated or taken regarding the extension of the Medicine Hat irrigation project. The minister knows the project to which I am referring; it is the one concerning which he was interviewed by a committee last month.

Mr. GARDINER: I do not know whether it is possible for me to cover all the matters referred to by the hon. member, but perhaps I can recall most of his references and can deal with them pretty much in the order in which they were mentioned.

In the first place I quite agree it has been found necessary to change the situation which had existed prior to 1932 in that section of the country lying east of Hanna in Alberta. At that time most of that territory was occupied by homesteaders, or persons who had homesteaded land and purchased pre-emptions. Since that time much of the area has been evacuated by those who originally settled it. Much of the land is light. It is not very well suited to grain growing of any kind, and is probably best suited to the production of live stock. However, the reference which was made a few minutes ago to the effect that it requires fifty acres of land to maintain one head of live stock indicates that it is not really very good live stock land. When an eastern farmer hears one referring to the fact that fifty acres of land are required to pasture one head of live stock, I am sure he wonders just what kind of country it is. That in itself indicates that it is not very productive, even of grass.

Therefore there were problems there when practically the whole of that country was settled by homesteaders. That was one of the mistakes which was made in settling the area in the first place. The Pearce scheme, which has been spoken of as a means of taking care of some of the difficulties which exist in the area from Hanna eastward to Saskatoon, is a scheme which has been discussed widely in both eastern and western Canada. I recall having seen about two years ago in some of the eastern papers strongly written editorials and news items to the effect that this was one more instance where the government was not taking the action it should take because this

scheme was not being put under way. I may add that some of the same papers to-day are accusing the government of spending too great sums of money in trying to deal with some of the problems we are attempting to deal with in connection with that area.

The Pearce scheme is one which was outlined many years ago by a gentleman named Pearce who had made explorations across that country. It necessitated first the filling of a storage known as Sullivan lake just to the north and a little to the west of Hanna, Alberta, and making use of that for the irrigation of about 425,000 acres of land in the immediate vicinity of Sullivan Lake. The idea was then to carry the waters farther down into Saskatchewan, using the storages at Tramping lake, and elsewhere between there and Saskatoon, to irrigate certain areas of land. I might point out that if the scheme had been undertaken and completed, there could have been irrigated in the whole section of the country only about a million and a half acres, as indicated by the hon. member a moment ago, whereas in that section of the country we are talking about there are probably 30,000,000 acres of land occupied by settlers. So that one can see that if one were going to irrigate only about a million and a half acres in an area where probably 30,000,000 acres are occupied by farmers, even the considerable expenditure of money that is talked about is not going to help many of them.

I believe much of the land which would have been brought under irrigation by the original scheme has since been found not to be very well suited to irrigation. Some of it is too light, and therefore permits the water to get away before it is of much use. Then, some of it is more or less affected by alkali which makes it difficult to irrigate to advantage. But a considerable part of the land could be irrigated, and about 425,000 acres of it is in the vicinity of Hanna and Sullivan Lake.

I have been asked whether anything is being done to explore the possibilities of the scheme, and I can say only that we have engineers on the job making investigations with regard to costs and possibilities in connection with the development of a storage in Sullivan lake. I understand it would be necessary first to build a dam in the river near Red Deer; after the dam was built, it would be necessary to pump the water up to the prairie level, which is an extremely expensive undertaking; then run it in ditches from that point until it reaches the river at another point; then syphon it under the river, bring it up to the river again on the other side, take it down to Sullivan lake and fill that lake, making it a storage which can be used for irrigation purposes round Sullivan lake.

Mr. QUELCH: I understand, if a dam were built just below the mouth of the Raven river, on the Red Deer river, it would need to be only fifty feet high, and then the water would come down by gravity, without any pumping.

Mr. GARDINER: If you build a dam fifty feet high, take the water out of the river and run it down by gravity, it takes the water down along the river banks. I understand the nature of the soil is such that it will not hold water running in ditches along the level. In all probability you would find most of the water running back into the river before you got down to Sullivan lake.

The only practical scheme is one of pumping the water up to the level, taking it in ditches and then taking it back into Sullivan lake. That is an expensive undertaking and one which at the moment the department would not feel like recommending to the government. It is not an undertaking the department would recommend at the present time to the consideration of the house, as one which, with the amount of money available and the amount the house is prepared to vote for that kind of undertaking, we might want to undertake.

There are many other undertakings of a similar nature which, taken together, will, I believe, take care of more people with the expenditure of the same amount of money. But the investigations are not yet completed. The final report is not yet in, and I am only giving to the committee the benefit of the information which at present is before the department in relation to that particular project. I might say that one can quite understand what the expenditure would be in order to irrigate about a million acres in addition to this half million, when water has to be moved hundreds of miles from that location in order to have it where the additional land is to be irrigated.

Something has been said about its costing just about half as much to move earth now as it did some years ago. Well, I have had something to do with moving earth in Saskatchewan since about 1922, when I was minister of highways in that province. I find it costs just about as much to move earth to-day, even with more efficient machinery, as it did back in 1922 or at an even earlier date. I believe hon. members will agree with me when I say that more efficient machinery either for the movement of dirt or for the

making of farm implements or machinery of war has not resulted in lesser costs for the completed process or articles. I believe if we check back over the whole list of articles being produced to-day we shall find that the theory that present-day equipment reduces costs has not worked out in actual practice. If we consider the cost of replacing machinery from time to time, it is costing just about as much to move earth to-day as it did back in the days when they were building the railways across western Canada in the first instance. I am not at all carried away with the idea that we can move this dirt to-day at half what it cost a few years go. It still costs a great deal of money to move earth to carry out projects of the type mentioned.

The estimate with regard to the Pearce scheme, made I think in 1922 by the then Department of the Interior, was that it would cost about $54 an acre to irrigate lands in the vicinity of Sullivan Lake. That is the 425,000 acres of which we were speaking a moment ago. It was also estimated that it would cost $78 an acre to irrigate those lands which were located in Saskatchewan. The question which arises in my mind, and in the minds of many others, is whether it is advisable for this government to start to spend sums of that kind in order to develop irrigation projects at this particular time. There may come a time when it will be advisable to do that, but I do not think that time has arrived as yet.

With regard to the suggestion that there may have been discrimination as between Alberta and other provinces in the expenditure of money, I can only say that as far as expenditures upon water conservation are concerned the amount spent in Alberta compares favourably with what was spent in Saskatchewan or Manitoba, that is in proportion to the areas. In connection with regrassing and reseeding lands, and work of that type, the same thing is true. Alberta has had a fair share of the money which has been expended for these different purposes. In 1937 we undertook to enlarge the activities carried on under the Prairie Farm Rehabilitation Act and endeavoured to establish community pastures here and there throughout the drought areas or the open prairie country. The advisory committee met on two or three occasions, and finally a resolution was adopted setting out a certain policy for the development of the land reclamation activities to be carried on under the Prairie Farm Rehabilitation Act. In line with those activities we have been attempting to take certain lands east of Hanna, somewhat similar to those described a few moments ago by the hon. member, out of cultivation and put them back into grass which could be used by farmers who are on better land roundabout.

We were able to enter into negotiations with the government of Saskatchewan by which they agreed to the policies which were then laid down and adopted by the federal Department of Agriculture. We carried on negotiations with the government of Alberta, but they were not prepared to turn over lands in what were known as the special areas in the province and which had been administered by the special areas board since I think about 1922. They were not prepared to turn over those lands to the government on the same terms as lands were being turned over in Saskatchewan. As they desired to carry on activities within those areas themselves, we suggested that we were prepared to enter into agreements under which lands outside that area would be leased to us for twenty-one years. Under these leases we would be prepared to go on and do the same sort of work we were doing in Saskatchewan.

Mr. Tanner, a member of the government of Alberta, came to Ottawa, and a mutual agreement was drawn up which we felt stated the understanding as to what might be done in the areas outside the special areas. Since then, however, we have had no communication from the government of Alberta stating that they were prepared to proceed with the plan. As we were not able to arrive at definite conclusions during the summer of 1937, about $250,000 which had been voted to be expended under the Prairie Farm Rehabilitation Act was never taken out of the treasury. In other words, we held the money throughout a whole year while endeavouring to enter into some arrangements with the government of Alberta which would make possible the expenditure of that money. I think any money which was not expended would have to be charged up to Alberta when making a calculation as to what money was available to Alberta in that particular year.

Mr. LANDERYOU: What part of the agreement was not satisfactory to Alberta?

Mr. GARDINER: I do not know. They have not told me. Since the agreement which was drawn up while Mr. Tanner was in Ottawa, was sent to the Alberta government, I have had no further communication from them.

Mr. QUELCH: Is it not true that the advisory committee met in June when it was understood that the administration of these areas would be left in the hands of the provincial government? Then, later on in the year the Saskatchewan government submitted

a different kind of plan which the federal government adopted. Alberta was never allowed to submit its plan. Saskatchewan submitted a plan which the federal government adopted, but the federal government did not permit Alberta to submit a similar plan.

Mr. GARDINER: The hon. member is speaking of 1936?

Mr. QUELCH: Yes.

Mr. GARDINER: In 1936, to go back of 1937, negotiations were started early in the spring. The committee was called together and our plans for the work were discussed. Later on the advisory committee met in Regina and discussed a possible program. None of the provinces, however, was prepared to go on with that particular plan. We worked along until about August, but at that time there were no works of the type of which I have been speaking which were ready to be proceeded with. In August the committee was again called together in order to arrive at a working plan, which was laid down, I think on August 2. From there on we proceeded to organize this pasture scheme in Saskatchewan and attempted to organize it in Alberta and Manitoba. We did organize one large pasture in Manitoba to take care of shipments of live stock from the drought areas in the other provinces to the market in Winnipeg and elsewhere late in the season. The other matters of which I have spoken were dealt with partly in 1936 and continued in 1937.

Mr. LANDERYOU: Was not one of the objections that of turning lands over to the federal government?

Mr. GARDINER: That was in connection with the special areas of which I spoke a moment ago. They objected to turning lands in the special areas over to the federal government because they had an organization set up to administer them. We said that we were prepared to go on with the water conservation work, with the building of dams, dug-outs and so on, that we were ready to assist in regrassing lands and helping in every way possible with their own activities. But where lands were turned over to us we would not undertake the moving of settlers or the placing of settlers upon other land. We took the position that if they desired to hold the lands in that province under their own control, then they could see to it that persons were moved from one section of the province to the other on to lands controlled by the province. There had not been any understanding reached up to that time with regard to the pasture areas either inside the special areas or outside.

There was one special case, in connection with the Bartman dam, where tenders were called for a year ago, and as was stated, the lowest bidder was the special areas board of the provincial government. The second lowest bidder was the Poole Construction Company, with offices at Edmonton and Regina. The position taken by the department at that time was that it was not fair to call for tenders and allow governments to tender against private individuals in connection with any undertaking of the federal government. We had, of course, entered into scores of contracts with the provincial government, but we had not called for tenders. We had passed many projects for dams, community dug-outs and community water conservation projects of different kinds, which were carried through by the special areas board of Alberta, but in those instances we did not call for tenders. We simply give them the work, and they see that it is carried out on a day labour basis by persons living within the community. When we have called for tenders we have not permitted the provincial government to tender. In the particular instance mentioned, that of the Bartman dam, they did tender, but we gave the work to the lowest private bidder, the Poole Construction Company.

Mr. LANDERYOU: Why was it thought advisable to have this work done by tender?

Mr. GARDINER: Dams of a certain size, costing $10,000 or $15,000, are usually done by tender. We do not like to have it done by day labour, so we let it go to contract.

Mr. SENN: Would the minister state why it was thought unwise to allow the government to tender, or why it was thought unwise to award them the contract when they were the lowest bidder?

Mr. GARDINER: We are giving a considerable amount of cash money to the province for projects of this kind, and we did not think it was fair in asking for tenders to allow the government to tender against private concerns. It was a case either of not calling for tenders and giving the work to the provincial government or of eliminating governments from making tenders, and that policy has been carried out both in Saskatchewan and Alberta.

Mr. SENN: Did I understand the minister to say that under this act the federal department pay all the expenditures on these dams?

Mr. GARDINER: We pay the cost of dams of this particular type, but with dams of a smaller size for individuals or for a few individuals we pay two-thirds of the cost and the other one-third is paid by the individual, the municipality or someone else.

Mr. PERLEY: Is there anything paid to the individual for the work he does on his own dam?

Mr. GARDINER: It depends on how the work is done. The amount paid by the federal government is supposed to cover the individual farmer for the work he does in connection with the dam that is built, but in many instances the individual farmer makes other arrangements and probably hires someone else to do that work.

Mr. LANDERYOU: Is there any provision in these private contracts that those employed must be residents of Alberta, or is any preference given to those living in the area?

Mr. GARDINER: In instances where the work is carried on by the special areas board, the board uses its own judgment. My information is that most of those who work on these jobs are obtained in the community. That is true also of contractors who go in to do certain works. We put in a special clause providing that they shall take their employees so far as possible from the district immediately surrounding.

Mr. SENN: In a great many government contracts with private firms there is a fair wage clause inserted. Would the minister state just what is the determining factor in respect of the rate of wages for men, teams, tractors, and so forth?

Mr. GARDINER: That is covered by the agreement. They set up a condition similar to that set up in all government contracts, and where there is union labour available, where the term "labouring man" can be applied, the wages are such as are determined by the Department of Labour here for labour; but in a farming community the wage that is set is the prevailing wage in that community, usually the wage paid by municipal bodies in getting similar work done. We do not attempt to set a scale of wages that outbids the municipality or provincial government in getting similar work done in that community.

Mr. SENN: Is there any supervision over the wages paid by a private contractor?

Mr. GARDINER: Yes, there is a definite clause in all the contracts, just as in other government contracts, and there is supervision over the employment of labour.

[Mr. Senn.]

Mr. PERLEY: The minister's statement this evening has concerned Alberta more particularly. Perhaps it would not be out of order for the minister to make a statement with respect to the agreements made in Saskatchewan, and to state what projects are under way at the present time and not completed. The minister might give us the number of contracts that have been let in Saskatchewan during the last year. I should like that information apart from such projects as the Moose Jaw water supply project. Would the minister also state how far the government is assisting in the Moose Jaw water supply contract?

Mr. GARDINER: Before leaving the questions asked by the hon. member for Acadia, there was one other matter, the Medicine Hat irrigation proposal. There is west of Medicine Hat the Canada Land and Irrigation Company's land, where an irrigation project was undertaken many years ago while the lands were still owned, controlled and operated from Ottawa. An agreement was entered into at that time under which a British company was going to settle a considerable area, after having placed water upon the land. Financial difficulties arose, and after the company had spent something in the neighbourhood of $13,000,000 in developing an irrigation project in that area, the company found itself unable to extend its operations. If my memory serves me correctly, the amount of land in that district which was irrigated is in the neighbourhood of 45,000 acres. There are people living on those 45,000 acres, and two or three years ago we spent about $80,000, in assisting these people in obtaining water from the Bow river, some one hundred miles distant. We assisted them by taking care of some of the works which were installed in the earlier years, and which were in a deteriorated condition and would have become useless in a very short time. We had a little difficulty later because a certain community in Alberta desired water from these same ditches and we were not able to make arrangements under which that water could be supplied. We took the position at the time that if we ever again had to deal with the Canadian Land and Irrigation Company we would want an undertaking from them, in connection with the supply of water to others outside the community that they had organized, which would be satisfactory to the government.

A short time ago a delegation from Alberta suggested that we enter into an arrangement which would require an agreement of some kind with this company. The

first proposal was that we spend $3,500,000 to assist in widening the ditches that supplied that area, the province of Alberta, this company and ourselves thus making it possible to irrigate other areas of land that would be available for re-settlement. I stated at that time that it was impossible for the government to consider spending $3,500,000, which was the total vote for this purpose, on this area of 60,000,000 acres of land, in order to take care of, at the outside, 2,000 families in the neighbourhood of Medicine Hat; that if that project were ever to be considered it would have to be at some time when many of our other activities had been completed. As a resut of that decision a smaller project was proposed which would involve the turning over of part of the lands of the Canada Land and Irrigation Company to the dominion government for the settlement of persons who were being taken off some of these submarginal lands. That is the proposal which at the moment has not been given final consideration, and I can give no further information concerning it now.

Mr. BLACKMORE: To what extent has any other province gone in the development of anything corresponding to the special areas board which Alberta has developed? My reason for asking this question is that we feel that as a province we have gone a long way in dealing with a problem which was "wished" upon us; it was not our making, as the minister recognized the other night. The settlement of those areas was carried out by the dominion government without our control. We have spent a great deal of money and gone to a great deal of trouble to develop a special areas board and deal with the problem. If the minister can show us that any other province has gone as far as Alberta has in that matter, it would make us feel a little better.

Mr. GARDINER: I have not gone over the record, so I have not the information before me concerning the special areas board in Alberta. They have done good work in persuading people to move from these areas, but I do not think they have spent any considerable amount of money in doing so. It is now some sixteen years since the activities were started, and the only year I can recall is the last year before we began to assist them. I think the total expenditure that year was about $16,000. What it was in preceding years I am not prepared to say, but they were not spending any considerable amount of money in the last year or two before we joined in the activities, I suppose largely on account of the difficult conditions existing under which they could not obtain money. I do not suppose the federal government would ever have come into the picture in any of the western provinces had it not been for the great difficulty of the years following 1931 and 1932. It was those difficulties that caused the federal government to undertake some activities in that area.

I may say in direct answer to the question of the hon. member I do not know that any other province spent any considerable sums in doing the same thing. The province of Saskatchewan spent considerable sums in 1920, 1921, and 1922, the year that Alberta began to encourage people to move away from that area, in moving people out of the section immediately north of Maple Creek, which is just across the boundary line from these special areas, and also moving people from farther north into far north country; but after a few years, when moisture was again falling on those lands, they found that many of those people came back and re-settled on the land they had left. That is, from 1922 on people returned, and my memory is that a very large percentage, I think well over half, of the people, some of whom were assisted, and some of whom went of their own free will from that area, came back and re-settled there. With that experience in mind it has been the desire of the department and the government to take on this occasion action which will make it unlikely that people will come back and re-settle on these lands, because we know that if they do so it will result in greater and greater expenditures of money over the years in providing relief and that kind of thing which we have had to do in the last few years.

So, while I do not know that any other government has taken the same course as Alberta, and I do not think any other government did set up a board and attempt to operate in that way, the government of Saskatchewan passed legislation, which I think they term the Reclamation Act, and they have a special arrangement with the municipal bodies in that province under which the municipal bodies take over land by tax sale and otherwise to be kept out of cultivation. Those lands are turned over to us free of charges, and our reason for asking that the provincial government turn these lands over to us is in order that they may be kept out of cultivation when we have once spent money in order to get them out of cultivation. We think those lands should then be placed under the control of the body that spent the money, and put in a position where it is not likely that they will come back into cultivation.

It is for that reason that we are rather anxious to have the other provinces enter into some agreement.

Mr. QUELCH: In June, 1936, an agreement was arrived at whereby these community pastures would be fenced by the federal government and left under the administration of the provincial government. Then, apparently in September the Saskatchewan government found that they were not agreeable to go ahead with that proposal and submitted another one to the federal government. But the Alberta government had agreed to abide by the original arrangement and were willing to go ahead with it. Then the federal government turned round and told Alberta it would have to accept the same agreement as Saskatchewan. I do not think that was fair; the Alberta government were quite prepared to go ahead under the original agreement reached in June, 1936; but just because Saskatchewan submitted another agreement which was more acceptable to the federal government, the latter turned round and presented an ultimatum to Alberta requiring them to accept a new agreement.

Mr. GARDINER: I am just looking up my record to see if I am right in saying that that agreement was entered into in 1936.

Mr. QUELCH: It was in June, 1936.

Mr. GARDINER: It was in June, but I cannot recall at the moment whether it was in 1936 or 1937. In any event an agreement was not required at that time. A meeting of the advisory committee was held; the whole matter was discussed, and we decided then that we might be able to proceed in a certain way. We tried to carry on in that way from June until August and found it impossible to get anywhere.

Mr. QUELCH: Why did the government find it impossible to get anywhere? Alberta was all prepared; they had the land all ready and had started to move the settlers.

Mr. GARDINER: The main reason it was impossible to get anywhere was that the arrangement made at that time was to the effect that the mortgage companies, the railway companies, the Hudson's Bay Company and the land companies generally represented on that committee were quite willing to turn over lands on certain conditions to be put into pastures which were to be fenced by the federal government, but we found that there was great difficulty in the provinces dealing with the persons who owned the land when they did not have the money to deal with them, and get the lands evacuated to be put into pasture.

Mr. QUELCH: Is it not a fact that Alberta had already acquired the lands by tax sale?

Mr. GARDINER: No; there is one area that Alberta wants to deal with on which there are two or three hundred families. But there are many areas that have not been cleared at all. Some of those that have been cleared by tax sale, to the extent that the individual has gone, have not yet been placed in a position where any one else can claim title to them, and immediately the government comes along with a sum of money, the hon. member for Acadia will agree that there are always individuals who come back into the picture with some idea that they can collect. Our difficulty was this—and it did not make any difference what province we were in—that sometimes a dozen or more individuals would not enter into the agreement until they actually saw the money. The province would get options from them, discuss the matter with them and would then come back to the federal government and declare that they were ready to deal with these people if the federal government could supply them with the money; but by the time we got into a position to supply the money the individual had raised the price or had taken some other attitude which we were not prepared to meet, with the result that we were not getting anywhere with the activities of the Prairie Farm Rehabilitation Act in relation to these projects.

Mr. LANDERYOU: There are some large areas that have been completely taken over for taxes.

Mr. GARDINER: Yes, but some of these are not of that nature where you would want to have a community pasture, and the Alberta government are not desirous of having a community pasture in such places. The plan followed is to allow certain families to use the surrounding lands for live stock purposes. With that condition prevailing, by August we came to the conclusion that we would not get anywhere in trying to carry out the plans we had under the Prairie Farm Rehabilitation Act unless, when the time came for negotiation, we could associate ourselves directly with the persons concerned. So that the operating arrangement now made is for the province to evacuate all the land they can by tax sale. They obtain any understandings they can with companies and individuals and then make a proposal to us;

and if they have sufficiently eliminated difficulties from their proposal to make it possible for it to be carried out, then we undertake to proceed further, to negotiate directly with the individuals and to make whatever arrangements are necessary to get the whole project cleared up and under way.

Mr. LEADER: It is not my wish to interrupt this unusually friendly discussion between the minister and hon. members from Alberta, but I should like to make one or two observations. Listening to the great problem of resettling our friends in western Canada who have suffered from drought conditions, I have been thinking that we in Manitoba have not suffered to anything like the same extent; in fact, there are in Manitoba areas that have not suffered at all from crop failure.

I heard the minister say that this project will cost so many hundreds of thousands of dollars, and I believe I heard the sum of $3,500,000 mentioned to-night. I cannot help thinking that we might save a good deal of this expenditure and still not interfere too much with nature. My own province is perhaps specially endowed in having just what the minister requires in his business of resettling the farmers in question. I was interested in what he had to say with regard to community pastures. I believe we have one at Carberry, and it has served a useful purpose. In my own constituency, in that part of the country referred to as the interlake country, there are vast areas of land suitable for the raising of live stock. In fact, some of that land is suitable for cultivation. It is good land, but there are many stones, and for that reason it would be difficult to clear up large areas. That is not particularly disadvantageous for the reason that we are wondering what we are going to do with the surplus wheat and barley products we now have. But that land would be suitable for live stock, and an opportunity exists there for the settling of thousands of families.

I wish the minister would consider my suggestion and make an investigation to see whether we have not in Manitoba suitable land that could be procured by the government or by some other body at a very low price, with a view to bringing in these people from Alberta and parts of Saskatchewan where they find it difficult to make a living. We would welcome them, and I am sure that, if they are at all industrious, they could make a good home in my province. In growing live stock they would be close to the market at Winnipeg, and that is an inducement. I suggest that this suggestion is worthy of consideration. My concluding remark is that the minister might take into consideration the fact that in Manitoba we have these areas that can be procured at a low price per acre, and the land would be well worth the money.

Mr. GARDINER: The rate at which we require the provincial government to turn the land over is nothing at all. They give it to us. We are now getting from the provincial government, without charge, in so far as the lands are under their control, all the lands that we are fencing in Saskatchewan.

Mr. LEADER: I was thinking of the huge expenditures which the government is called upon to meet in rehabilitating those lands so that the farmers can make a living. Those lands might be dear at any price.

Mr. GARDINER: I have the cost of all these pastures that have been set up to date. There are some thirty of the larger sized pastures, and they are costing less than $1 an acre for their establishment. That is, the whole cost to the government of procuring any lands that have to be obtained—lands which may have belonged to individuals and on which there were buildings—the cost of managing the pasture, the cost of fencing and the cost of placing water on the lands, amounts, generally speaking, to somewhere round $1 or a little more than $1 an acre. So that the total cost of projects of that kind is not high.

I have driven over a considerable part of Manitoba not only in recent years but over the last thirty-seven years, and I know that the part of the province which lies west of Verdun and south of Verdun, and also in the vicinity of Elkhorn, and the land even further south towards the United States boundary, is quite similar to the land in Alberta and Saskatchewan about which I have been speaking. If anything, it is of less value as land. The only difference between that area and some of the areas further west is that they get a little more rain there.

Mr. LEADER: I have reference to the land in the interlake country, between lake Manitoba and lake Winnipeg, north of Portage la Prairie. I have gone through that district in the driest years in the west, and I have seen grass three and a half feet high, acres upon acres of it, with scarcely any settlers—one here and another three or four miles away, and so on.

Mr. GARDINER: There is something very much different between the interlake country in Manitoba and the country we are discussing. One difference is that they have a more

bountiful rainfall. The prairie farm rehabilitation moneys are not for expenditure upon lands where the rainfall is sufficient. If we were to undertake that sort of work probably we should have to extend our operations from one end of Canada to the other. The activities under this measure are in relation to lands where the rainfall is comparatively light.

It is hardly correct to say that all lands being fenced into pastures are like the lands referred to a moment ago by the hon. member for Acadia. For example, there is an area in the southern end of Saskatchewan where buffalo grass grows naturally. There is all the difference in the world between buffalo grass and the grass up between the two lakes in Manitoba. Buffalo grass, in the short grass country, will finish cattle. They do not require any grain; they are finished on the grass, and even short grass in that country is very much more valuable as feed than long grass in some other areas.

In addition to that, may I say that while in 1937 that part of the country looked like summer fallow, though it had never been broken up, in 1938 one could cut the grass on that same land with a binder. I make that statement in order to indicate to hon. members that in a country of that kind there are possibilities that have to be dealt with having regard to the surrounding conditions. What we are attempting in that area is to take that large pasture I just mentioned, which contains 130,000 acres and which was almost bare in 1937, not out of cultivation because it never was cultivated, but out of ranching. It was pastured down in the dry years so as to be almost useless even for ranching purposes. We are making of it what we call a reserve pasture. We will never permit anyone to settle on it; we will never permit it to be leased again for ranching purposes. We will maintain it as open prairie country upon which we can run live stock in years when we have difficulties in regard to feed, thus removing the necessity of shipping cattle to the central part of Manitoba or bringing seed all the way from Three Rivers in Quebec. That is our objective in connection with a pasture of that kind. The people are not going to move out of that country; the land is too good. When it does rain there they get good crops, and even if they have to go for three or four years without crops they are going to continue to live there in the hope that they may get three or four of those bountiful crops to which they have been accustomed in the past. We think it is very much better for the government so to organize that country that they can stay there and make a living without being government charges during years when they are without rain.

Mr. PERLEY: Where is that pasture?

Mr. GARDINER: It is the one in the vicinity of Valmarie. It has not been completed as yet.

Mr. FAIR: Does the government supervise the construction of dams by contractors?

Mr. GARDINER: Yes; we have engineers supervising the work of building dams by contractors.

Mr. FAIR: In connection with the construction of the Bartman dam, could the minister tell us the amount of damage done by that wash-out and whether the Poole Construction Company made it good?

Mr. GARDINER: The dam had to be rebuilt, and it cost almost as much to rebuild it as it cost to put it up in the first place. As the hon. member for Acadia said, the dam washed out and had to be replaced.

Mr. FAIR: So the government had to pay twice for that dam?

Mr. GARDINER: Yes.

Mr. LANDERYOU: How many contracts were entered into in the provinces of Alberta and Saskatchewan under the act last year, and just how many of these contracts were made with private companies and how many with government departments?

Mr. GARDINER: That is for 1938-39? I have the figures all the way back to 1935, if that would be satisfactory. These figures are as of February 28, 1939. In Manitoba there were 3,436 applications approved and awaiting approval; in Saskatchewan, 5,529, and in Alberta, only 712. Of these applications 2,838 have been approved in Manitoba, 4,275 in Saskatchewan and 634 in Alberta, which is a larger proportion, naturally, because the number was smaller and we would be able to get over those projects much more quickly. These are dug-outs to which I am referring, and of those approved 2,565 have been completed in Manitoba; 2,355 in Saskatchewan, and 258 in Alberta. The completion, of course, depends upon the activity of the farmers themselves rather than upon the activity of the government. We have passed 634 applications in Alberta, but only 258 have been completed. I should have said that in some instances the activity has been on the part of municipal bodies, in all three provinces.

Mr. LANDERYOU: Could the minister give the amount of money involved as well?

Mr. GARDINER: I had better go back to the beginning, then. Dug-outs in Manitoba over the whole period involved the sum of $223,155; in Saskatchewan, $211,950, and in Alberta, $20,124, or a total of $455,229.

I now come to stock-watering dams, in regard to which the figures are as follows:

	Manitoba	Saskatchewan	Alberta
Applications	364	3,600	1,409
Approved	263	1,823	697
Completed	164	1,686	526
Cost	$13,776	$128,136	$45,762

It will be noted that in regard to stock-watering dams there were very many more applications from Alberta than from Manitoba, and that in the case of Alberta and Saskatchewan approximately half the applications have been approved.

I now come to irrigation projects, for which the figures are as follows:

	Manitoba	Saskatchewan	Alberta
Applications	19	1,398	714
Approved	16	403	218
Completed	4	358	163
Cost	$340	$48,688	$24,287

It will be noted that these are very small irrigation projects, and that the amount spent in Alberta was about half the amount spent in Saskatchewan for the same purpose.

Mr. LANDERYOU: Those would be individual projects on farms?

Mr. GARDINER: Yes.

Mr. PERLEY: What period does this cover?

Mr. GARDINER: From the beginning down to February 28 of this year.

I now come to community and neighbour projects during the same period. The difference between these and the others is that these are for the use of more than one family:

Province	Applications	Approved	Completed	Cost
Manitoba—				
Dug-outs	0	0	0	0
Stock-water dams	13	5	5	$13,425
Irrigation	0	0	0	0
Saskatchewan—				
Dug-outs of the community type	126	102	93	55,800
Stock-watering dams	112	62	47	43,945
Irrigation of the community type	5	2	2	2,080
Alberta—				
Dug-outs of the community type	7	6	4	2,788
Stock-watering dams	43	38	30	16,680
Irrigation	27	13	10	8,340

In connection with irrigation it will be noted that the costs are much higher than in any of the others.

The next classification deals with applications approved and awaiting approval.

Mr. LANDERYOU: What is the amount of money involved in contracts given to the provinces themselves and in contracts given to private contractors in each of the provinces?

Mr. GARDINER: I do not think I have the information in that form.

Mr. DONNELLY: What is the total amount spent on the smaller projects?

Mr. GARDINER: The total amount spent on dug-outs is $455,229; on stock-watering dams, $187,674; on small irrigation projects, $73,315, making a grand total of $716,218.

Mr. PERLEY: Some time ago I asked the minister to make a statement with regard to the agreement with Saskatchewan, and the projects under way and not completed in that province?

Mr. GARDINER: Although I have not a copy of the agreement with Saskatchewan before me, it is to the effect that they will turn over any lands of which the province has control and upon which it has asked the federal government to establish projects. Those lands will be turned over to the government of Canada free of any charge to it, on the understanding that we shall proceed to develop pasture projects on those particular lands.

Mr. PERLEY: Would the minister give particulars with respect to those pastures. Some time ago I asked for information, and a return was tabled showing that the cost of fencing was $3.61 a mile. A few moments ago the minister made reference to Valmarie pasture. I have before me a sessional paper which gives

me certain information, and I thought I heard the minister say that there are over 100,000 acres in that pasture.

Mr. GARDINER: There is more than one, but one of them is 130,000 acres.

Mr. PERLEY: In the one at Valmarie there are 80,000 acres, and sixty-one miles of fencing. What is likely to be the total cost of that pasture?

Mr. GARDINER: To answer first the question asked with regard to the pastures which have been set up in Saskatchewan, I would place on record certain information which I have before me. The first completed pasture is in the rural municipality of Brokenshell, No. 68. The pastures are numbered one and two. The first one has thirty-nine miles of fencing, and the second one has twenty-two miles. The acreage in the first is 20,960 and in the second, 8,160. This, as I understand the matter, will eventually develop into one and the same pasture. They start in two different parts of the project, with the idea that eventually other land will be evacuated. The total cost of the first one is $14,062.81. It will be noticed that this is considerably less than $1 an acre. The total cost of the second one, in which the acreage is 8,160 is $8,368.63. Where there are smaller acreages, costs of fencing are naturally higher.

Mr. PERLEY: Does that include fencing?

Mr. GARDINER: Yes. In proportion it takes a longer fence to fence a small area than it does to fence a larger area. The second one is at Battle River and Cut Knife, in the northwest part of the province. There are 44½ miles of fencing; the acreage is 18,560 and the total cost, $24,015.07. For Battle Creek grazing area, special area A, in the south end of the province, there are 38½ miles of fencing, an acreage of 38,200 and a total cost of $15,258.47. In the rural municipality of Coalfields, No. 4, east of the town of Estevan, pasture No. 1 has 31½ miles of fencing. There are 9,300 acres in the pasture, and the cost is $11,224.74.

In rural municipality No. 314, at Dundurn, in pasture No. 1 there are thirty-six miles of fencing, 19,840 acres and the cost is $16,868.93. Next are rural municipalities Nos. 5 and 6, at Estevan and Cambria. One of those is about the town of Estevan, and the other is immediately west. In pasture No. 1 there are seventeen miles of fencing; there is an acreage of 6,880, and the cost of construction is placed at $9,248.16.

In rural municipality No. 71, at Excel, there are pastures Nos. 1 and 2, the first of which has twenty-two miles of fencing and the second eighteen miles. The first consists of 9,440 acres and cost $6,965.09; the second has 6,080 acres and cost $5,949.15.

In rural municipality No. 39, at the Gap, there are pastures Nos. 1 and 2, the first with eighteen miles of fencing and the second with twenty-eight miles. In the first there is an acreage of 5,440 acres, and in the second, 6,240 acres. The cost of the first is placed at $10,689.23 and the second at $9,815.14.

In rural municipality No. 289, at Hillsburgh, in pasture No. 2, there are 31½ miles of fencing, an acreage of 12,640 and a cost of $16,818.89.

In rural municipality No. 352, at Heat's Hill, in pasture No. 1, there are 34½ miles of fencing; the acreage is 16,000 and the cost of construction, $15,050.78.

Mr. PERLEY: I might facilitate matters by telling the minister that I have a return. All I am asking is the lump sum.. There are thirty odd pastures with about 473,000 acres, and 922 miles of fencing.

Mr. GARDINER: I do not wish to deny the hon. member any information he wishes. I was going to give all of it to him.

Mr. PERLEY: Could the minister give us information for the Simpson pasture?

Mr. GARDINER: The whole acreage is 473,360, and the total cost $400,883.97, or somewhat less than $1 an acre for the whole undertaking. There will be some variation.

Mr. PERLEY: Can the minister give just the Simpson pasture?

Mr. GARDINER: In what municipality is that? It is not listed here as the Simpson pasture.

Mr. PERLEY: It was a separate return brought down early in the session.

Mr. LANDERYOU: Is there any fee being put up in connection with these pastures?

Mr. GARDINER: These pastures are organized in this way. First, the municipality approaches the provincial government and asks to have a certain area organized into a pasture. The provincial government undertakes to have the lands evacuated by any persons who are living within the area. They usually succeed up to a point where only one or two are left. We then investigate the pasture to see whether it is possible to get those people who remain moved out on to lands immediately adjacent. We then put a

fence round the lands and make them available to the people who are living roundabout. They pay a fee for putting their live stock into the pasture, and these fees are supposed to cover all costs of maintenance including the maintaining of the fences and the paying of the pasture manager. We assist as a government in raising the standard of the live stock within that pasture.

Mr. SENN: Is there any limit to what any one farmer can put into the pasture?

Mr. GARDINER: The government inspector decides how many cattle the pasture will carry. The grass is investigated by a man having the technical skill necessary to determine how many cattle or how many cattle and horses can be carried. We then take in the farmers in the first mile round the pasture, then those in the second mile, and so on until we get a sufficient number of farmers having approximately two-thirds of the stock the pasture will carry. The farmers are then asked to form themselves into a community pasture association and appoint a committee to operate the pasture. We allow them to divide up the acreage and determine how much live stock in relation to the acreage shall be put in. We set up certain regulations which apply to the pasture. Hon. members may want to know the reason for placing the limit at two-thirds. In all probability after these men have gained a little experience they will want to add to their own herds or admit other farmers to the pasture. We leave it to them to determine what shall be done within certain limits, but we do not permit them to put in more cattle than the lands will properly carry.

Mr. POULIOT: How much has been spent under this act up to the present time, and what are the proposed disbursements for this year?

Mr. GARDINER: For the pastures?

Mr. POULIOT: For everything.

Mr. GARDINER: The amount set up for the pastures up to the present time is the amount I gave a moment ago. Most of these pastures are in Saskatchewan, although there are two or three in Manitoba. The total area of the pastures is 473,360 acres and the disbursement is $400,883.97.

Mr. POULIOT: Would that include the fences?

Mr. GARDINER: Yes, everything.

Mr. POULIOT: I have just a word to say at this point. This legislation seems to be adopting an entirely new policy. The dominion government is dealing not only with provinces, but with municipalities and even with private individuals. I take this opportunity to insist upon some works being carried out in the province of Quebec as well as in the western provinces. For instance, near the city of Rivière du Loup there is a very important dam, lake Morin dam, which could be used for irrigation purposes, just as is done in the west.

Mr. LANDERYOU: Are they suffering from drought there?

Mr. POULIOT: I do not see why Rivière du Loup should not have the same advantages as any city, town or municipality in any of the prairie provinces. We are not jealous of the prairie provinces, but we do not want them to pull the blanket too much to their side. There are good people in the province of Quebec; there are good people in the province of Ontario, there are good people in the maritime provinces, and we want our share. The farmers in some parts of Quebec are in distress. I live in one of the finest constituencies in Canada, but there have been forest fires in my constituency and there are settlers who are almost starving. Irrigation is sorely needed, and I should like this policy to be applied to Témiscouata constituency just the same as it is applied to the three prairie provinces. The western people are our brothers. We are good Samaritans and are ready to give them help, but on the other hand we do not think we should unclothe ourselves for them. The farmers and settlers in my constituency are in distress, and I want them to have at least as much as their western brothers.

Mr. LANDERYOU: Hear, hear.

Mr. POULIOT: I thank my hon. friend for saying that. He knows my request is fair.

For the enlightenment of members of the committee I should like to describe a most absurd division of land which was made some years ago in my constituency by the provincial government. In order to make this distribution they used maps which contained no elevations. There were no hills and valleys, and the lands were divided like pieces of cake without taking into consideration the ups and downs of the country. Some of the settlers at St. Jean de la Lande parish, which the Minister of Fisheries (Mr. Michaud) knows very well, have been placed on the side of a steep hill and are apparently supposed to cultivate rocks. It is no easier to cultivate rocks than it is to try to cultivate under drought conditions. These men were induced to go there by former immigration agents who were employees of the railway company. They were well paid and in order to justify their positions they had to attempt to show that a

conquest was being made of the soil. These settlers are just like the goats on the side of a mountain.

Many of these people are suffering. I have received many letters, some of which I sent to the Minister of Labour (Mr. Rogers), some to the Minister of Agriculture (Mr. Gardiner), and some to other members of the cabinet. When one of these men is very ill and is sent to the hospital for an operation, his family cannot get relief. I have had to write letters in order that a family might be given enough to subsist while a father or mother was in the hospital for an operation. These people are suffering and they need help. The government has done something for our western brothers, and I want something to be done for the settlers and farmers of Témiscouata constituency. We have suffered from the cutting of trees on a very large scale; there have also been forest fires at times, and by reason of the disappearance of timber, irrigation is badly needed to keep a certain amount of moisture in the soil in order that we may not have poor crops, one every second year or one every three years. We need crops regularly, a good average crop.

In many old parishes in my constituency there are good, sound, progressive farmers who have suffered from the drought, although perhaps not so much so as farmers in certain sections of the west, but they have suffered from the drought nevertheless, because of the trees having been cut. Hon. members are familiar with the comparsion between the straw roof and the tin roof. On a tin roof the water runs away fast, but a straw roof holds the water from running away fast. The water runs off a straw roof little by little, and it is the same with the land. The trees are a protection and hold the moisture longer in the land.

I want a fair and square deal for the farmers and settlers of Témiscouata constituency and of the province of Quebec at large. What would happen if we all died of hunger in the east? It would then be for the west to support us, and the western provinces would be very much embarrassed to do for us what we do for them. They should keep that in mind when they come here making requests, and when they make a request they should be fair enough to cut their request in two and let us have fifty per cent for necessary works in the east. We would be satisfied with that fifty per cent. I want to tell that to my hon. friends from the west.

I should also like to say to the Minister of Agriculture, who has been powerful enough to succeed in having the government change its policy, that I hope he will not forget the eastern provinces. I remember that complaints were made against the Minister of Labour for not receiving the mayor and council of Toronto. He would not deal with any city because it was outside the constitution for him to do so. The constitution has not been amended since; it is still the same constitution, and yet the Minister of Agriculture can deal directly with the municipalities, although the Minister of Labour says that he cannot. I should like a policy that is uniform, and when one member of the cabinet can deal with municipalities I should like his colleagues to have the same power. I wonder if it is really within the constitution or outside the constitution. I would not recommend anything unconstitutional, but when a thing is done for one part of the country it should be constitutional to do it for the whole country. That is my humble understanding.

May I place on record what I want. In the first place I want the lake Morin dam developed at Rivière du Loup. I did not have the opportunity to discuss it with the minister, but the Minister of Labour is thoroughly familiar with the project, as are the Minister of Justice (Mr. Lapointe) and the Minister of Public Works (Mr. Cardin), and I do not not know whether I have not spoken to my chief about it also. That is one thing, and a very important thing, because the city of Rivière du Loup has her own municipal plant, dating back to long before the time of Sir Adam Beck. Moreover, the dam would serve other purposes—

Mr. WALSH: Mr. Chairman, I know that my hon. step-godfather will not mind my intrusion, but may I ask just which clause we are discussing at the present moment, and what relation the hon. gentleman's remarks have to the clause before the committee?

Mr. POULIOT: I have adopted the hon. gentleman to keep him silent when I am speaking. I do not expect him to make interruptions because I have adopted him. But the more he interrupts me in the house when I am standing up for the rights of my electors, the bigger majority I shall have, because I receive letters from my constituents and when they see I am interrupted by the hon. gentleman they say, "Cheerio, you are doing good work. Continue."

Mr. WALSH: Mr. Chairman, we do not mind how many votes the hon. gentleman gets, but I hardly think the construction of a dam in Témiscouata constituency and other details the hon. gentleman is giving us have any reference to the clause under discus-

sion at the present time. I think we should keep the discussion in order. His remarks might come in appropriately later.

The CHAIRMAN: On the point of order—

Mr. POULIOT: May I speak to the point of order, Mr. Chairman, before you give your decision?

The CHAIRMAN: Certainly.

Mr. POULIOT: Thank you. Speaking on the point of order, and just as a matter of explanation and for the enlightenment of one hon. member who apparently did not understand what I have been discussing, we are now discussing the Prairie Farm Rehabilitation Act. It provides for a certain amount of expenditure, quite a large expenditure, $450,000, the minister has said, for certain farm property in the west. That is the question before the committee. But my contention is that this legislation is not wide enough, that it should include also the eastern provinces, where the need for such improvements is just as great as in the west, and therefore I put the whole matter before the committee. My idea is that the whole of Canada should be included within the scope of this bill, which should not be sectional but be for the benefit of the whole country. Moreover, I was pointing out the enormous change that has taken place in the policy of the government, with the minister now dealing directly with the municipalities.

The CHAIRMAN: Is the hon. member still on the point of order?

Mr. POULIOT: Yes, sir.

The CHAIRMAN: I would ask the hon. member to make his remarks on the point of order as brief as possible.

Mr. POULIOT: Yes, sir. My contention in the first place was that the legislation is too narrow, and I want it broadened. My second point was that there has been an enormous change in the policy of the government by virtue of which the minister now intends to deal directly with municipalities, and not only with municipalities but also with individuals.

Mr. GARDINER: We have not reached that clause yet.

Mr. POULIOT: Then I will submit my first point only.

The CHAIRMAN: On the point of order raised by the hon. member for Mount Royal (Mr. Walsh), I am of the opinion that his point is well taken, for the reason that we are discussing Bill No. 36, an act to amend the Prairie Farm Rehabilitation Act. The hon. member for Témiscouata has been speaking of his own constituency. I am not aware that it is prairie country, and therefore I rule that the point of order is well taken.

Mr. POULIOT: Then I shall have to deny my pet from Mount Royal.

Mr. LANDERYOU: May I ask if the minister has entered directly into contacts with municipalities and individuals as mentioned by the hon. member for Témiscouata?

Mr. GARDINER: There are undertakings on the part of municipalities to operate some of the pastures, and there are undertakings on the part of individuals in some instances. We hire men to do the work, just the same as we hire anyone else to do other work.

Mr. LANDERYOU: Are contracts entered into directly by the government with the municipalities?

Mr. GARDINER: Yes; arrangements are made by the government with municipalities all over Canada to do many things. We shall probably have some undertakings in connection with many of the cities and towns of the province of Quebec this year, as we always have had in connection with works carried on there.

Mr. LANDERYOU: How many of these individual associations have been formed to deal with these large areas?

Mr. GARDINER: There are thirty pastures now set up, and there will be thirty individual organizations to deal with them.

Mr. JOHNSTON (Bow River): When this land is being turned over from the provinces to the dominion under this plan, who retains the mineral rights on that land—the province or the dominion?

Mr. GARDINER: The province simply turns over to the government the right to operate the land as a pasture; we get the land the same as a person purchasing it.

Mr. JOHNSTON (Bow River): Does the province retain the mineral rights?

Mr. GARDINER: We would have no objection to that.

Mr. SENN: The minister was explaining how these different associations were set up, who determines the number of cattle that could be placed on a pasture by each member of the association, and how the amount of fees paid for each head of cattle was determined. I should like to have him finish that explanation, because I was under the

impression that the fees are not very large, perhaps only large enough to pay the actual running expenses of the pasture; so it seemed to me that farmers were getting very cheap pasture, and it might pay them better to have cattle pastured in these government pastures than to keep them on their own places.

Mr. GARDINER: The pastures are more or less tributary to a man's farm; they are community pastures in the same sense as the common land in the older countries. The pasture equipment is not only fences but corrals and everything necessary for the proper keeping of several hundred head of cattle. The breeding sires are put in the pasture under the care of the manager of the pasture, and the whole breeding policy of that area is under his direction. The fees are made sufficient to cover not only the payment of the manager and the cost of other services, but to take care of maintenance and repairs to fencing and buildings and that kind of thing. In the first year the fees collected were slightly under the amount expended for those purposes—I have not the exact figure—and it will take two or three years of running experience to know exactly what the fees should be. But it is intended that the fees shall as nearly as possible cover the actual outlay. The whole policy and intent are to enable the farmers living in the surrounding sub-marginal lands, lands not of the highest type, to run live stock on these pasture lands which could not be occupied successively by individuals, and by having the right to run stock on those lands the farmers on adjoining lands should be able to maintain themselves and keep off relief. The intention is to do exactly what has been suggested by the hon. member for Haldimand (Mr. Senn), that is to make it less costly for the individual to maintain himself because of this common land being there.

Mr. SENN: I was not finding any particular fault with the plan except that there might be one or two members of that association who own a large number of cattle, and naturally they will get more advantage from the land than a man who may be just as needy but has not so many cattle. Some provision whereby one or two or a few farmers may not monopolize the whole pasture seems to me desirable.

Mr. GARDINER: That is taken care of in the regulations and the set-up of the committee. In the first place we do not form pastures for ranchers. These pastures are formed for people who are farming from a half section to a section of land in the neighbourhood of the pasture. They may have ten or twenty or thirty cattle each. They themselves take care of the matter referred to; they see that no one has too large a number of cattle. We also have regulations which govern them in that respect.

Mr. NEEDHAM: Do the regulations provide that cattle of the same breed shall be kept in the community pastures?

Mr. GARDINER: The intention is to confine the breeds more or less to the three chief beef varieties, the Black Angus, the Shorthorn and the Hereford. That will be controlled by the association; they will determine which breed they desire to have, and all in the association will have to have the same breed, or breeds of the same type.

Mr. DOUGLAS (Weyburn): The hon. member for Wood Mountain (Mr. Donnelly) asked a question, and if the minister answered it I did not catch the answer. What is the total amount spent under this act for each fiscal year since the act was passed in 1935?

Mr. GARDINER: Let me first answer part of the question asked by the hon. member for Qu'Appelle (Mr. Perley). I have not been able to locate which of the pastures is called the Simpson pasture. It is not listed under that heading here. However, I have the Valmarie pasture. The acreage of the pasture associated with the irrigation plan at Valmarie, that is the one pasture which is now under construction, is 79,840 acres; miles of fencing, sixty-one; estimated cost, $72,966. The construction costs up to date are $31,-173.14, but 30½ miles of fencing has been done, or about half. The water development is partly done. The work was stopped on December 22, 1938 and will go on again this spring. The pasture work is about half completed.

Mr. PERLEY: In connection with the thirty odd community pastures involving nearly one thousand miles of fencing, how were the posts and wire secured? Did they get any of the posts in the northern part of Saskatchewan, or were they brought from British Columbia?

Mr. GARDINER: Tenders were called for; there had to be at least three tenders for any one pasture. These tenders were made by hardware merchants or dealers who sell these supplies. The same thing is true in regard to posts; the posts were purchased by tender and shipped to the railway point nearest to the pasture. The work itself was done under a foreman by the farmers in the locality;

the fences were actually built by the farmers who are going to use that pasture and pay for its maintenance and everything connected with it.

Mr. PERLEY: Have they a contract with the Northern Wood Preserving Company of Prince Albert for getting out posts, and how many posts did they get from that company?

Mr. GARDINER: The Northern Wood Preserving Company has just established a plant in Prince Albert this last year. Prior to this time our posts were obtained largely from British Columbia; we had to ship cedar posts all the way from British Columbia, and have them tarred before they were put in the ground. Last year we tried to get some posts in the northern part of Saskatchewan and blue-stoned them. We have carried on experiments at the Swift Current farm which indicate that blue-stoned poplar posts will last about twenty years and give good service. We obtained blue-stone posts last year from the northern part of the province for a considerable portion of our supplies. I do not know exactly the percentage, but in the pastures spoken of in some of the eastern papers recently, the one in the southwestern part of the province, it was said to have been built with rough posts simply taken out of the bluffs here and there. In the first place, I would point out that there are no bluffs to take posts out of; and every second post was said to be a cedar post brought from British Columbia and tarred to the ground. Every second post was a blue-stone poplar post shipped from the northern end of Saskatchewan for fencing.

Again, the fence was not a three-wire fence, but a four-wire fence. The farmers there do not usually build a four-wire fence. So that this fence was of a higher cost of construction. The farmers in that area usually go to the Cypress hills, cut their own pickets, take them down and do their fencing there, but this fence was built with posts shipped in, because we do not want to have to replace them every four or five years. We want to have these pasture fences remain at least during the lifetime of the leases. We have leased some of the lands for twenty or twenty-five years, and the fences we put up to-day will probably stand for fifty years. The Northern Wood Preserving Company put in a plant last year at Prince Albert, and they can creosote jack pine and poplar posts in that establishment. We have given them a contract to supply 400,000 posts next summer. No posts have been supplied from that plant to date. They are being supplied for the work next summer; we expect to get them at a very much lower cost than those we have had shipped in from long distances, and at the same time employment will be provided for people in the vicinity.

Mr. PERLEY: What persons constitute the Northern Wood Preserving Company?

Mr. GARDINER: I do not know who the company are; but the manager, and I assume the man who is interested in it, is Mr. R. D. Pretty, who at one time ran a creosoting plant at Swift Current and, earlier than that, at Calgary. Lately he has been running one at Fort William or Port Arthur, I am not sure which, and he is also opening up this plant in the north.

Mr. PERLEY: Was this Mr. Pretty associated with the Canadian Pacific Railway at one time?

Mr. GARDINER: Years ago he was an engineer, or had some connection with the Canadian Pacific. I am informed that at one time he was in charge of the horticultural work of the Canadian Pacific Railway.

Mr. DOUGLAS (Weyburn): What are the total amounts spent under the act in each fiscal year?

Mr. GARDINER: They are:

1935-36	$ 411,542 79
1936-37	959,818 78
1937-38	1,831,676 87
1938-39 (to February 28)	2,945,728 50

Mr. PERLEY: A return brought down on February 14 states that nineteen dams, large projects, were built during 1938. Can the minister tell us where they were and whether they were completed before freeze-up in the fall of 1938, or has any work been done on them during the winter?

Mr. GARDINER: Just for 1938?

Mr. PERLEY: Yes. It was for the year 1938. I wanted to know whether they were completed before freeze-up or whether any work has been done on them this winter?

Mr. GARDINER: It would be impossible to do work on earth dams in the winter. Once there is frost in the soil it is impossible to do anything, so that no work can be done on dams after a week following the freeze-up; the dam would not be there in the spring.

Mr. PERLEY: These are said to be large projects, nineteen of them. Can the minister give the location in each case?

Mr. GARDINER: These are the dams under construction as at February 28, 1939. The first on the list is the Big Arm storage irrigation. The storage capacity is 5,200 acre

feet, the irrigable area being from 5,000 to 8,000 acres. The estimated cost of construction is $8,348.53.

Caron water storage: storage capacity is 43,500 acre feet. There is no irrigable area estimated in connection with this project at the moment. The total cost will be $100,000. This is the one west of Moose Jaw, from which Moose Jaw will eventually probably take water for the city.

Cypress Lake storage: storage capacity is 70,000 acre feet, the irrigable area being 20,000 acres. The cost is $304,696.13, and the project is ninety per cent completed.

Downie lake irrigation: storage capacity is 10,000 acre feet; irrigable area, 5,100 acres. The cost is $61,461.65, and the project is ninety-five per cent completed.

Financial assistance for the eastern irrigation district, that is the Rolling Hills area, south of the Brooks irrigation project in Alberta: I have not the figures for storage capacity, but the irrigable area is 25,000 acres.

Mr. PERLEY: The return that I refer to had to do with Saskatchewan.

Mr. GARDINER: This is what the hon. member asked for, and I assume it is what he received.

Mr. PERLEY: I asked for a statement with regard to nineteen dams undertaken in Saskatchewan, during 1938—all in that province, nineteen large projects.

Mr. GARDINER: I will give the rest of these, because many of those that the hon. member asked for are included in this list and when they are counted he will probably find that all he has reference to are in the list. This includes Alberta as well.

Eastend extension irrigation: irrigable area, 2,896 acres. The cost is $30,661.45. The project is ninety-five per cent completed.

Glen Ewen dam storage: 250 acre feet. The estimated cost is $9,471.40.

Kisbey Flats irrigation: 5,000 acres. The total cost is $23,121.50.

Pipestone lake storage: 1,600 acre feet. The cost is $7,523.25.

Oxbow-Souris river storage dam: 600 acre feet; cost of construction, $16,130.

Souris-Estevan irrigation: 2,600 acre feet; estimated cost, $52,903.86. That is a flood irrigation project.

South Saskatchewan river storage: 2,760 acre feet. The cost is $243,106.25.

West Valmarie irrigation, 2,000 acre feet, irrigable area 3,416 acres, estimated cost $43,987.50.

Weyburn rural municipality underground storage, $3,333.33, which is only part of the cost of those works; the provincial government undertook to pay part of the cost as well.

In Alberta there is the Leavitt irrigation district, 7,000 acre feet, $46,304.80. All the preliminary arrangements have been made, but I do not think the work has actually started.

There is the Red Deer river test borings, which is the project I spoke of earlier in my remarks to-night, costing $5,000.

Then there are the St. Mary's, Waterton and Belly rivers irrigation projects, investigational work, $3,000.

Mr. DOUGLAS (Weyburn): How many of these are actually under construction?

Mr. GARDINER: Quite a number. In some instances the contracts have just been let, among them the contract for the work at Leavitt. Our difficulty is to get the lands which are to be flooded.

Mr. DOUGLAS (Weyburn): The minister has not the total, without counting them up?

Mr. GARDINER: No, I have not.

Mr. DONNELLY: Has the minister any information with regard to the proposed Vanguard dam?

Mr. GARDINER: The works at Vanguard have been all surveyed, but the contract in connection with that dam has not been let as yet, and at the moment I am not in a position to state whether or not it will be let this year.

Mr. WEIR: Could the minister give the committee any information with respect to a proposal to build a dam on the Souris river at or near the town of Wawanesa. I understand this matter has been under consideration but is somewhat involved because of dams already built higher up on the Souris river both in Saskatchewan and in the United States. This river enters the United States and then comes back into Canada. The people in that vicinity are particularly concerned because these dams higher up in the river have cut off their normal water supply, and they are anxious that something should be done to get more water down the river to fill up their own water-holes and give them a normal flow of water, or that their water supply be protected in some other way. This is really giving them some concern, and it is a matter of some importance in that area. If the minister has any advice on the matter immediately at hand, I should be glad to hear it.

Mr. GARDINER: If we get our estimates through the house we are proposing to spend this year $500 for the purpose of carrying on further investigational work in connection with a dam at Wawanesa. The Souris river has its source in the province of Saskatchewan; then it runs into the state of North Dakota and then comes back into Manitoba. As a result there is some difficulty between the two provinces and the state of North Dakota on account of the fact that there has never been an international agreement in connection with the Souris river. Most of the streams, such as the Milk river, which is further west, and Frenchman's river, are covered by international agreements, but none has been negotiated with regard to the Souris river. There is sufficient storage capacity in the loop in the United States to take up all the water that flows into North Dakota from Saskatchewan. In other words, if our United States friends so desired, and an arrangement were not entered into, they could keep all the water that accumulates in the province of Saskatchewan and flows into the United States.

At the present time negotiations are under way, through the international joint commission, looking to an agreement between the United States and Canada in regard to the Souris river. I do not anticipate that there will be any great difficulty, since there has been none in the past. The two countries have been quite reasonable about these matters, and in all probability that will be the case in this instance, but at the moment the matter is in the negotiation stage.

Mr. LOCKHART: Did the minister give us the details in connection with the Govenlock pasture? I did not hear them if he did. Could I have the details?

Mr. GARDINER: Yes. I had not reached the Govenlock pasture when the hon. member for Qu'Appelle thought he would not like any more of the list read. In our list this is known as the Nashlyn grazing area, special area A. It has fifty-seven miles of fencing; its acreage is 62,240, and the entire cost of construction was $28,237.59, which is considerably less than fifty cents an acre for the setting up of the pasture. This is the pasture to which I was referring a few moments ago when I said the fence was not a three-wire but a four-wire fence and when I said the posts were not pickets but cedar posts tarred up to the top of the ground, alternately with poplar posts that have been blue-stoned and thus made so that, according to our experience, they will last for at least twenty years.

In regard to an article which appeared in an eastern paper recently, I might just say that no barbed wire has been left lying round the place; it has been all rolled up and put away. Any barbed wire which was not used was wire which it would not pay anyone to use in building a new fence. If you have what is known as black barbed wire, not galvanized, that has been in a fence for some time, of course that wire will not stand stretching on a new fence, but it can be used in the cross-fencing of the pasture, and in this case any of this wire available will be so used ultimately. The outside fences have to be sufficiently strong to keep the stock which is put in by the farmers from getting out and damaging the crops. Again, anyone who has handled barbed wire knows that if you take it off a fence and allow it to lie round loose it kinks up, and when you start to stretch that wire with the kinks in it the wire ultimately breaks, if not while you are stretching it, then perhaps the first day after you leave it. In putting up a fence of this kind round an area containing 62,640 acres, we have not taken any chances by using wire of that kind. The cost of maintenance and of riding the fence would be so great, if we undertook to do anything of that kind, that the ultimate cost would be very much higher than the cost of using new wire in the first place and using the older wire for cross-fencing. That cross-fencing has not been done as yet, but the wire is available.

Mr. LOCKHART: In connection with that area the number of acres given me was 106,960. In the return brought down it was stated that in all instances permission was obtained from the leaseholders before the original fences were destroyed. Is the minister quite clear that no fences were destroyed without the permission of the leaseholders?

Mr. GARDINER: That is our report. Of course I have to depend upon our officials who are out there, and that is true as far as our information goes. The pasture to which I have just referred is known as the Nashlyn grazing area, special area A. It is nearer Nashlyn than Govenlock. Then the quarantine reserve, special area A, in L.I.D. 22 has sixty-five miles of fencing. The first one I read had fifty-seven acres; it is part of the same project. There are 44,720 acres in that area. The cost of that was $15,603.75, which is about a third of a dollar an acre as the cost of fencing. There will be one of these others which forms part of it, too, but the costs are approximately the same in all.

Mr. BLACKMORE: Before saying what I had in mind, may I commend the minister, as I have done on several occasions, for his interest and consistent work in developing the Prairie Farm Rehabilitation Act. But in the light of what has been said to-night I feel there are one or two observations which really ought to be made, so as to keep us all working together in Canada as a big family.

There are points of view in the west which probably easterners would not understand, unless they were given reasons. For a few moments I should like to set forth some of those points. The minister seemed to have the idea that the provinces could not be trusted to keep the land from being settled again, after the dominion had developed pastures. I would say, in passing, that the main difference between Alberta and the dominion over matters connected with the Prairie Farm Rehabilitation Act seems to be that the province does not feel it ought to give up control of its lands simply because the dominion develops under the Prairie Farm Rehabilitation Act. I believe the reason for that difference needs to be set forth.

From what the minister said a few minutes ago I gathered he had a sort of apprehension that if the provinces had control of those lands they would be tempted to allow people to go back in upon them to settle, whereas if the dominion had control there would be less danger of that unfortunate occurrence. Was that the minister's idea?

Mr. GARDINER: The idea was not that the province could not be trusted to do it. The position is that the province has no money with which to carry out these operations at the present time—at least the provinces say they have not. All three provinces make that statement.

Before the present government took office the federal authorities undertook to carry on activities for the rehabilitation of that area. Since the present government has taken office we have carried on and enlarged upon the activities established by the previous government. But we have felt that since we are putting up the money, and the money is given to us in trust by the taxpayers of Canada to reestablish that country—and it is not a matter of not trusting the province—having spent the money of the people of Canada it is our obligation to take the people off that land, to reestablish the country and to see that the policy is carried out.

While we might trust the government of Alberta to do just exactly what we might expect them to do, we do not know, of course, what government is going to be in Alberta or in any other province in the future. For that reason we feel that if anyone is going to undo the work it should be the government which spent the money in the first place—not necessarily the government in office at the moment, but the government which represents all the people of Canada and which collected money from all the taxpayers of Canada in order that it should carry on the work. We feel that the government representing all the people should accept the obligation of either keeping that land out of cultivation or in the future putting it back into cultivation. So far as the present government is concerned, we think it should never go back into cultivation.

Mr. BLACKMORE: I am glad the minister has made that point clear, because I must say I did get the wrong impression from what he said earlier. I was going to make several observations which, under the present circumstances, I do not now propose to make.

With respect to the matter the minister has recently laid before us, may I say it is well that the people of Canada should understand that the west has a very real case which makes them feel, when they get their eyes thoroughly opened, that there is another side to what the minister has just said.

In the first place it was developed last year by an eminent authority in Ottawa that the three prairie provinces have, through tariffs, paid in the neighbourhood of $47,000,000 a year into the dominion treasury. That has been going on for a long time. The result is that when $3,000,000 or $4,000,000 are set aside for expenditures in connection with a proposition like prairie farm rehabilitation, we are likely to think of that $47,000,000 instead of the $3,000,000. After all is said and done, that is a matter which ought to be borne constantly in mind. I am sure the minister, coming from the west, will appreciate that point of view.

The remarks of the hon. member for Témiscouata show the importance of keeping these facts before our minds. In the west we are paying a large amount of money through the tariff. We are not getting any direct return from that expenditure, as are the provinces of Ontario and Quebec. We are not wishing to complain, but we do want hon. members to see our point of view. For a few moments may I indicate to hon. members some of the disadvantages from which we have suffered, and about which the hon. member for Témiscouata would no doubt like to hear. These are disadvantages which we have not been able to avoid.

The land settlement policies which for years were followed by dominion governments, and

which on one or two occasions have been referred to in the house, have placed the three prairie provinces, and particularly Alberta and Saskatchewan, under a handicap which I believe is hardly realized by the rest of the dominion. In order to appreciate the situation we should remember that at least two great projects were paid for with land. One of these was the Hudson's Bay Company project. When the Hudson's Bay Company were persuaded to give up their holdings in the west they were allowed one-twentieth of the land surveyed in the townships from the United States boundary to the North Saskatchewan. One-twentieth was taken out here, there and all over the prairie provinces, and, in most instances, out of the choicest lands. When the time came for settlement people had to settle all round those pieces of land. This meant that the population was widely scattered. The extent to which Alberta alone is suffering to-day from that situation is remarkable. Before concluding my observations on this subject I shall say one or two things to indicate the extent of that suffering.

When the Canadian Pacific railway was built, the company were promised 25,000,000 acres, with mineral rights. According to figures I have they received about 18,000,000 acres. All hon. members have to do is to think of the colossal extent of 18,000,000 acres, and to remember that this land was selected all over the country and, to a large extent, from the choicest areas, to realize how settlement in the western provinces was spread out.

We say: What bearing has that on the situation? It has a tremendous bearing, and we will see shortly why. In addition, the Canadian Pacific Railway acquired perpetual exemption from taxation on their main line properties and on mineral rights for twenty years. The effect on the western provinces and on the communities in those provinces was serious. It put them under the handicap which started them to go into debt. Fifty-five million acres of prairie land were pledged to one organization or another. Even some other railway projects were supported with land. Unfortunately that land was given largely by Alberta and Saskatchewan. It is estimated that Alberta alone gave 13,120,000 acres. The whole cost, or practically all of it, fell on Alberta and Saskatchewan. Those provinces paid for not only the railroad in Manitoba, Saskatchewan, and Alberta, but for the railroad in western Ontario and British Columbia. I think this is a matter which should be kept steadily in mind by hon. members.

I will say that since I have come down here I have found hon. members disposed to be very sympathetic to the west, which is entirely as it ought to be, but we should still like to be understood a little more. I notice to-night that certain statements have been made that since we are asking for certain things, we should be willing to divide up. All we are asking for is the right to live. But we find ourselves placed in a position where it is impossible to carry on. The impossibility of our situation has been developed through the years by conditions like the one I have just mentioned. This spreading out of our settlement has affected our economy. Let me point out that the telephones in Alberta—

The CHAIRMAN: I regret to interrupt the hon. member for Lethbridge (Mr. Blackmore), but in my opinion he is out of order. We are dealing with a bill to amend the Prairie Farm Rehabilitation Act, and so far the hon. member has not touched upon that bill. I ask him to confine his remarks to Bill No. 36.

Mr. BLACKMORE: I do not blame you, Mr. Chairman, for thinking I have been off the subject. It will be only a minute or two until I am right on the subject.

The CHAIRMAN: I ask the hon. member to get on the subject immediately.

Mr. BLACKMORE: I can jump right into the middle just as well as I can start at the beginning, but I rather like to start at the beginning. The minister has raised the question of the province not being able to pay any money. The province cannot pay any money for the development of these projects on lands which the dominion government's policy allowed to be settled entirely without the say of the province. The minister pointed this out as the reason why the dominion should control the administration of the lands in question. I think it is quite clear now how this has a bearing on the subject. There are large areas in Alberta and Saskatchewan which were wished upon those provinces right over their heads. They are grappling with these situations. They have been placed under handicaps which are manifestly unjust and unfair. The dominion says that they will come in to help, but the provinces must give up the land. Just as soon as we got control of our lands we began to look after them. We did not obtain control of our lands until 1930, but immediately we did so we made stipulations which prevented the settlement of the country in such a way as to put us under a handicap. Having said that, I shall go on to say what I was going to say a minute ago. Because of the spreading out of our settlement Alberta has had to pay twenty per cent more for its telephone service than is

paid in Ontario. For highways it costs us 500 per cent more per thousand than it does in Ontario.

The CHAIRMAN: I ask the hon. member to confine his remarks to Bill No. 36.

Mr. BLACKMORE: I cannot see how it can be said that these remarks do not have a bearing upon the matter before us. I am going to bow to your ruling, but certainly the matter before us is one of money. The province of Alberta maintains that when the dominion comes in and undertakes to help it out of a difficulty into which the dominion put it, the dominion should not claim the lands.

Mr. VIEN: The telephone is not in the picture.

Mr. BLACKMORE: Surely it is, because the dominion allowed the Canadian Pacific Railway to select the best areas of the land.

Mr. VIEN: I mean in this particular bill.

Mr. BLACKMORE: When the dominion allowed the Canadian Pacific and the Hudson's Bay Company to select large areas of the choicest land, settlers coming in were forced to go on sub-marginal lands. The province of Alberta then had to undertake to keep those people on those lands. The province now finds it necessary to get help in taking care of those people. They feel they should have this as a just right. There is the connection of the whole thing with the question under discussion. I shall say no more about it because I have gone far enough to indicate that this matter is all bound up in our thinking. The province of Alberta is under a tremendous burden, but there is no province in the dominion to-day that is making a more determined effort to manage its affairs and its economy. We know what we are doing, but many people do not know. They say silly and unjustifiable things, but they do not convince us. We know, we are right there.

The CHAIRMAN: Order. For the last time I am going to ask the hon. member to confine his remarks to Bill No. 26.

Mr. BLACKMORE: I hope no hon. member asks me a question which I shall have to answer. I am going to say this again. We feel that money should be spent in Alberta as far as these lands are concerned. When these lands are rehabilitated, the men who go on them will be buying commodities upon which duty will be paid; they will be buying goods upon which the sales tax will be paid, and both the duty and the sales tax will go directly into the dominion treasury. The result is that the dominion is bound to get as much value out of these settlers as is any province. Why should the dominion hesitate to spend money to prepare the lands so that people can live there? We do not want to be stubborn or uncooperative. I think the minister will bear me out when I say that, generally speaking, the ministers from Alberta have been as cooperative as any group of ministers from any other province in the dominion. There are certain things to which they hold steadily, and this is one. They feel and we feel that if in the future there are obligations which result from the fact that the dominion owns certain lands in a province and the province has responsibilities in connection with those lands, then there will be discord which will be altogether undesirable. We would much rather keep control within the province. That is not saying that the dominion should not come in and spend money in the province.

After all, provincial lands are dominion lands just as well as they are provincial lands. The situation cannot possibly be otherwise. I just want to lay that down for the committee so that hon. members can see our point of view. We feel that there should not be any halting because of this requirement that the dominion should have control of provincial lands. I have not the details before me because I have been working along other lines, but there is a tendency on the part of the dominion to take control of land where water is put on by irrigation works. We feel that is not necessary. We feel the dominion should leave control of the lands with the province. After all, the province must provide the schools; it must provide the health and other services which are distinctly provincial. All of these things cost money.

Mr. GARDINER: As soon as anyone is living on the land he pays taxes to the province.

Mr. BLACKMORE: That is why we hold to the point that has been held, that we ought to have control of these lands. When the dominion spends money, it is simply collecting Alberta money and putting it back into the province.

Mr. DONNELLY: Does the hon. member think Alberta residents should be treated differently from residents of Saskatchewan or Manitoba?

Mr. BLACKMORE: Of course not.

Mr. DONNELLY: Then what is the hon. member debating?

Mr. BLACKMORE: It is natural for a person to speak concerning his own province. The reason I mention my province is that there has been considerable discussion of it to-night. But I admit that Saskatchewan is in just as great need as Alberta, and has just as great a case; in fact I am not sure but that Saskatchewan's is not a more urgent case, but the Saskatchewan members have not said much about it.

Mr. COLDWELL: We have not had a chance to-night.

Mr. BLACKMORE: That is very good. Let me remind the hon. member that I mentioned, in connection with those lands, that Alberta and Saskatchewan supply all the land, so I think he will agree that I am concerned about Saskatchewan. I mention the three western provinces when I said that we were paying $47,000,000, so I think the hon. member's observation was perhaps not justified.

Mr. COLDWELL: What is the position of the South Saskatchewan river scheme at the present time? Since the hon. member for Lethbridge was thinking perhaps that he was speaking for Saskatchewan, I should like to say that we do not agree that we "cheerfully" pay for millions of dollars in connection with the tariff. While I may be out of order, I want to dissociate myself from that remark of his.

Mr. GARDINER: I gave the expenditure on the Saskatchewan river scheme a few moments ago. The total cost when complete is estimated at about $400,000, and there has been about $60,000 expended up to the present, most of which has been spent on the ditch between the river and Caron, on storage facilities at Caron, and putting in some piping in the Saskatchewan river. The work is all under way.

Mr. PERLEY: Did not the city of Moose Jaw undertake to reimburse the government for some part of that cost?

Mr. GARDINER: It will undertake any construction necessary to take the water from that storage to Moose Jaw, eighteen miles away, but we have no undertaking in connection with that at all.

Mr. MacNICOL: Is a large job like that done by contract?

Mr. GARDINER: Tenders were called for, and the work is being done by contract.

Mr. LOCKHART: Would the minister be good enough to ask the officials of his department to communicate with those charged with the responsibility and ascertain if the fences on certain property taken over were not destroyed before the property was taken over? The leaseholders held their leases until January 30, 1939, but I am informed that away back in the previous summer their fences were destroyed and their cattle turned loose.

Mr. GARDINER: There are two sections for which I did not read the details of pastures. There was L.I.D. 21 and 22, special area A, forty-two miles of fencing, acreage 48,080, and estimated cost, $42,636. There is another one of sixty-one miles, with an acreage of 79,840, and estimated cost of $72,966. Those two are not yet completed. I understand that there are one or two farmers in there with whom final arrangements have not yet been made, but negotiations are going on and will be concluded.

Mr. LOCKHART: Perhaps the minister did not understand my question. The lands that were taken over were held under lease until January 30, 1939, and some men engaged by the department destroyed the fences away back in the previous summer, causing great inconvenience to the men who held the leases, which were good until January 30, 1939. The return I have says, "by permission of the leaseholders," but I have definite information that their permission was not obtained, and still the fences were destroyed. Would the minister be good enough to ascertain if that information in the return was not wrong.

Mr. GARDINER: I understand there were two instances in which complaint of that kind was made, but a thorough investigation was made and our information is that there was no truth in the complaints.

Mr. BLACKMORE: The hon. member for Rosetown-Biggar says that I said that we "cheerfully" paid the cost of the tariff. If I did, I wish to take those words back.

Section agreed to.

On section 2—Agreement with the provinces, cities, et cetera.

Mr. STEVENS: I pointed out the other evening the extraordinary character of the last of these three subsections, and without labouring the point I am going to make a suggestion to the minister and offer one or two reasons in support of it.

In the first place it is obvious that we are clear away from the emergency character of the original legislation. I think the minister will agree with that because to-night he has indicated that many thousands of acres of land, hundreds of thousands of acres, I think I am safe in saying, have been acquired in

the name of the dominion and fenced; and, to use his own language, these fences are being constructed to last at least twenty years. Now there is a definite, permanent work.

Going through the report that was tabled, I find in harmony with what the minister has been saying to-night a lengthy recital of most important projects of one kind and another. Therefore this is no longer emergency legislation. Let us get that clear in our minds.

I am going to suggest to the minister that section 2 be amended in this way. I suggest that these three subsections be eliminated and that instead we have paragraphs A, B and C; and A would read, "The minister may, for the purpose of this act, and subject to section four, and with the approval of the governor in council, enter into agreements," and so forth.

Then, instead of having subsection 11, put in B, leaving out the words "The minister may, for the purposes of the act," because that would be repetition, and saying, "B. Purchase, lease or otherwise acquire," and so forth.

Then when you come to the next subsection 12, eliminate the first line and make it read, "C. Purchase or rent whatever machinery," and so forth.

This simply means that the powers granted here will be subject to the act, subject to section 4, and subject also to the approval of the governor in council. It will put all of these powers in the third subsection on exactly the same basis, and I submit that this would improve the legislation. The exact re-drafting would have to be attended to, but I think I have outlined my suggestion with sufficient clarity for the minister to see its importance.

Mr. GARDINER: I see no difficulty at all in connection with clauses 10 and 11. The meaning is exactly the same. The only difficulty perhaps would be with clause 12, and I think we could have a re-drafting that probably would serve our purpose just as well and probably avoid some of the reasons for criticism that were made the other night.

The committee will understand that in carrying out one of these irrigation projects requiring an expenditure of some $50,000 or $60,000, when the work is completed you have some machinery partly worn out on which the freight to the next job, which may be one hundred miles away, would be considerable, whereas the machinery can be disposed of on the ground because it is going to be required there for further work. To go through all the process of getting an order in council when you are clearing that up, and the consequent delays, might make the best and most profitable disposition of that limited amount of property impossible. We want to have some way of dealing with the matter that would be workable.

Mr. STEVENS: If the minister will permit a further suggestion, we have, as a regular process in government circles of dealing with just this sort of thing, the salvage department. The minister will not take amiss what I am going to say. Let us just take his illustration. Here is an irrigation project finished up; there are a couple of tractors, maybe a truck or two, power scrapers and so on. Many of these projects run into large sums of money, $70,000, $80,000, $100,000 or more; they are quite substantial works. That machinery is valuable. If the matter were wide open, there would be a temptation to let some of that machinery go locally at sacrifice prices. We have the salvage branch, and the governor in council has power under the original act to make regulations. It keeps the whole thing working in an orderly way in harmony with good practice in government circles. If that course is departed from, whether by the present minister or future ministers, they are going to be clothed with an authority which I do not think exists in any other department, or if it does it should not. It is bad legislation, and I say that not in any criticism of the present minister. I urge him to accept the suggestion I made.

Mr. GARDINER: The proposal which I have I think conforms fairly well with the practice referred to, which was discussed here generally in connection with another bill the other night. It would make section 12 read this way:

(1) The minister may, for the purposes of this act, purchase or rent whatever machinery or equipment may be required in connection with the development construction or operation of any project or scheme; provided that the purchase of any single unit of machinery or equipment of a value greater than five thousand dollars shall require the approval of the governor in council.

(2) Notwithstanding the provisions of any other act or law, the minister may sell any single unit of such machinery or equipment upon such terms as he may deem advisable, and the proceeds thereof shall be paid to the receiver general; provided that the sale of any such unit shall, if its initial cost exceeded five hundred dollars, require the approval of the governor in council.

That is, if the initial cost exceeded $500 he has to have an order in council. One can quite understand that a great deal of equipment purchased for less than $500 is used for maybe a few months in the summer, and if it is worn out, the sale price would be very small.

Mr. STEVENS: Would the minister not agree that he is definitely departing from one of the fixed rules of government, that all purchases over $5,000 must be made after public tender? He is suggesting that purchases up to $5,000 may be made without even reference to council.

Mr. GARDINER: That is the regular procedure.

Mr. STEVENS: I think the minister is letting himself in for a great deal of trouble in taking this position. I have no desire to hold this legislation up and I shall not say more, but it is not because I do not feel the grave importance of this legislation.

Mr. PERLEY: I should very much like to see the minister accept the suggestion of the hon. member for Kootenay East (Mr. Stevens). I do not agree that the cost of moving machinery would be so great. Nowadays, with modern facilities, trucks and so forth, I have seen them moving road building machinery where they just hitch it behind a tractor or load it on trucks; they move threshing machines around in that way. So I think the argument that the cost of moving the machinery might be so great that it would be better to sell it at a sacrifice is not a good argument.

Mr. GARDINER: I have not any particular objection, but I might point out what it really means. I am now asking this committee, which is composed of the elected representatives of the people, for permission to do this particular thing, sell certain odds and ends that are around, as a departmental matter. The practice in all departments of government is and always has been under every government that items costing up to $5,000 do not go to council, they are dealt with by the minister. This is following the same practice. To follow the suggestion of the hon. member would simply mean that instead of getting permission of this committee of the house, I go to this advisory committee that I picked myself which meets in Regina, and ask them to give me permission to sell this equipment. Knowing they are all business men representing institutions like the Canadian Pacific Railway Company, the mortgage companies and the banks, men who are used to this kind of thing, I know I shall only have to make the suggestion to get the permission. But instead of asking them for that permission I ask this house, and I think it is much better that I should get permission from the elected representatives of the people than from that group of men whom I really appointed.

Mr. STEVENS: The minister is not asking this house for permission to do any individual thing; he is asking for a free hand.

Mr. GARDINER: That is exactly what I have to do with the committee. "The minister may, subject to section 4 of this act," which means I get the permission of the committee to do certain things, "and with the approval of the governor in council, enter into agreements with any of the provinces of Manitoba, Saskatchewan or Alberta." Then you apply that also to paragraphs 11 and 12. In order to do that, all that is required is that I go to this meeting in Regina which will probably be held in April and say, "Now these things are lying round at the end of each job; they have to be disposed of; I would like the advice of the committee to do it in this way," and I have no doubt I would get advice from them to proceed and do it in that businesslike way. But I am asking the house to put that in the form of a resolution giving me that permission rather than asking the committee.

Mr. PERLEY: How many members of the original committee that was set up are now on the committee?

Mr. GARDINER: I do not know that I have the list, but I think I can name them. The Canadian Pacific Railway is represented; the Canadian National Railways; The Banking Association of Canada—

Mr. PERLEY: By the same men?

Mr. GARDINER: By whatever men they appointed; they appointed them themselves, and they are pretty much the same men unless the men have been moved. Doctor E. S. Archibald is chairman; that is the same chairman as we had before. John Vallance is an appointee put on since this government came into office, but he fills a position that required representation, the water development branch. W. L. Jacobson is the secretary; he was the secretary before this government came in. O. S. Longman is the representative of Alberta; he was the representative before. J. Ellis is the representative of Manitoba; he was the representative before. F. H. Auld is the representative of Saskatchewan; he was the representative before. R. W. Hanan of La Fleche, Saskatchewan, is the representative of the provincial municipal association; I do not think he was on before; he was appointed by the provincial municipal association. Mr. Paul Farnals of Halkirk, Alberta, was appointed by the provincial municipal association. Mr. James Arthur Ross of Melita, Manitoba, was appointed by the Manitoba provincial municipal association. Mr. W. G.

Yule, of Regina, Saskatchewan, was appointed by the Canadian Bankers' Association. Mr. J. D. Guild, of Winnipeg, Manitoba, was appointed by the Canadian National Railways, and I believe was previously a representative. Mr. A. Newman, of Calgary, Alberta, was appointed by the Canadian Pacific Railway Company, and he had been a representative of that company. Mr. F. J. Freer of Winnipeg, Manitoba, represents the Mortgage Loans Association, and Mr. A. E. Joslyn of Winnipeg, Manitoba, represents the Hudson's Bay Company. They are practically the same men.

Mr. DOUGLAS (Weyburn): Section 4 of the amendment of 1937 provides that the advisory committees shall consider and advise the minister as to the best methods to be adopted for the rehabilitation of the drought and drifting areas. In the same statute amending the original act section 3 was changed—

Mr. STEVENS: Repealed.

Mr. DOUGLAS (Weyburn): Yes. A new section comprising two parts was substituted. It was provided in the first place that the governor in council might establish one or more advisory committees to be known as prairie farm rehabilitation committees, the members of which were to hold office during pleasure; and in the second place it was provided that one of the members should be appointed chairman by the minister. From then on the plural is used. The minister has read the names of only one committee. Does he propose setting up other committees?

Mr. GARDINER: There are three committees. There is one advisory committee to be known as the water development committee, which deals with water development as distinct from land utilization. That is composed of the following: Mr. J. Vallance, of Regina, Saskatchewan, who is at the head of the water development; Mr. W. L. Jacobson, of Regina, Saskatchewan, secretary of the whole set-up; Mr. B. Russell, of Regina, Saskatchewan, consulting engineer; Mr. L. C. Charlesworth, of Edmonton, Alberta; Mr. C. J. McGavin, of Regina, Saskatchewan, and Mr. B. B. Hogarth of Winnipeg, Manitoba.

Then we come to the advisory committee of departmental officials located at Ottawa, comprising the deputy minister of agriculture; Doctor E. S. Archibald, who is head of the experimental farms; and Mr. R. A. Olmsted, legal adviser of the department.

Mr. DOUGLAS (Weyburn): Under section 12 in the amending section, would it be wise to specify that the machinery purchased ought to be obtained by tender and the machinery sold disposed of at auction? Perhaps we should insert the words "by tender" after the word "purchase," and the words "by auction" after the word "sell." This bill may involve the purchasing of large amounts of machinery, and after some of these projects are completed a considerable amount of second-hand equipment will probably be sold.

Mr. GARDINER: The proposed amendment will accomplish what the hon. member has in mind.

Mr. DOUGLAS (Weyburn): I hope it will.

Mr. MICHAUD: Section 12 will now read:

(1) The minister may, for the purposes of this act, purchase or rent whatever machinery or equipment may be required in connection with the development, construction or operation of any project or scheme; provided that the purchase of any single unit of machinery or equipment of a value greater than five thousand dollars shall require the approval of the governor in council.

(2) Notwithstanding the provisions of any other act or law, the minister may sell any single unit of such machinery or equipment upon such terms as he may deem advisable, and the proceeds thereof shall be paid to the Receiver General; provided that the sale of any such unit shall, if its initial cost exceeded five hundred dollars require the approval of the governor in council.

I move this amendment.

Mr. DOUGLAS (Weyburn): Will there be any obstacles in the way of selling the machinery at auction?

Mr. GARDINER: It is something that only a few individuals in the community may require and it would not be practicable, but if it were it would be carried out in that way. In most instances it would not be practicable.

Amendment agreed to.

Section as amended agreed to, on division.

Bill reported.

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

Tuesday, March 21, 1939

The house met at three o'clock.

STANDING COMMITTEES

BANKING AND COMMERCE—CHANGE IN PERSONNEL

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

That the name of Mr. Taylor (Nanaimo) be substituted for that of Mr. Fournier (Hull) on the standing committee on banking and commerce.

Motion agreed to.

OFFICIAL REPORT

On the orders of the day:

Mr. T. A. THOMPSON (Lanark): Mr. Speaker, before the orders of the day are called I should like to draw your attention to an error in yesterday's *Hansard*. When the orders of the day were called yesterday the Prime Minister (Mr. Mackenzie King) rose in his place and read a carefully prepared statement to the house, at the conclusion of which he stated that one page had been omitted from his notes. He then retired from the chamber and the house proceeded with ordinary routine business. Returning to the chamber in about three-quarters of an hour the Prime Minister read his entire statement, including the page which had been omitted. I find on looking up *Hansard* this morning that the Prime Minister's original statement, together with certain remarks that were made by the Leader of the Opposition (Mr. Manion) have been omitted from *Hansard*. My question is: On what authority is this being done?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, may I say first to my hon. friend that I had nothing whatever to do with the matter myself. The arrangement of *Hansard* is in the hands of the *Hansard* staff. Where on previous occasions there have been obvious omissions or transpositions of some kind, in the arrangement of *Hansard* those omissions or transpositions are usually dealt with as the editor of a paper would deal with any matter of the kind in presenting it in its final form. I inquired last night as to what *Hansard* proposed to do, whether it was proposed to insert *verbatim et literatim* the little interjections with regard to a page being missed out of my statement and the whole repeated as reread. I was informed that *Hansard* proposed to have the matter printed as if the page had not been omitted, and simply give the full account as was originally intended and as subsequently read. I understood that *Hansard*—I may be wrong—before taking that step had intended to speak to the leader of the opposition (Mr. Manion) to see if he would have any objection, but the leader of the opposition not being here in the evening, I am informed the matter was then referred to the chief whip of the Conservative party. That is what I am informed. The chief whip, I was told, said he thought it would be quite right to have *Hansard* printed without indicating the brief exchange concerning the omission of a page that had taken place. I believe that was the courtesy which was extended by hon. gentlemen opposite—I may be wrong. But certainly I should think in any circumstances it was quite a proper thing for *Hansard* to have done. If I had altered any sentence or remark in the second reading of the statement as read on the first occasion or had in any way sought to deceive the house about what was purely an omission occasioned by a failure on the part of a stenographer to copy one of the concluding pages, I think there would have been something to the point which my hon. friend has raised. But for the purpose of the intelligent reading of *Hansard* as a matter of record I think it was much better to have repetition avoided and the complete statement put in the form in which it was.

I may say to my hon. friend that when I came back into the house with the complete statement the hon. leader of the opposition indicated to me across the floor of the house that it might be best to read it from the beginning in its entirety so that all members would have the complete context, and I did that. I thought at the time my hon. friend was seeking to assure me that that would be the best way of proceeding, if I was to have the statement in its entirety as it appeared. I am giving my hon. friend the situation as I understand it. If there has been any fault in the matter, I hope it will be put on my shoulders as leader of the house. If *Hansard* were to come to me and ask me what I thought was correct in the matter of reporting the proceedings of the house in a case of that kind, I would say it was much better to have *Hansard* state the situation as hon. members would wish to see it stated, rather than in any way unnecessarily to burden *Hansard* with something that did not affect the proceedings.

Mr. THOMPSON: I had no idea that the leader of the opposition (Mr. Manion) and the Conservative whip (Mr. Casselman) had agreed to this. I simply saw in *Hansard* that it had been omitted. During this session there have been several omissions from *Hansard*, and I wish to protest against omissions being made from *Hansard* by any person, or *Hansard* having authority to make these changes.

Mr. SPEAKER: If, as the hon. member suggests, there were omissions before the occurrence of yesterday, he should have drawn the attention of the house to them, and they would have been dealt with accordingly.

Mr. A. C. CASSELMAN (Grenville-Dundas): Mr. Speaker, in view of the statement of the right hon. Prime Minister (Mr. Mackenzie King) I think it is incumbent upon me to say something. I understand the right hon. gentleman to say that I did concur in

the deletion from *Hansard*. It is quite true that Mr. Young, the editor of debates, communicated with me last night and asked me if I would acquiesce in such a change. I told him that at that time I would not acquiesce, that I had no authority to assume to myself any responsibilities that are covered by the rules of the house. In order that there should be no misunderstanding, I took the matter up with the editor of debates before the opening of the house to-day, believing that he might have misunderstood me. In conversation with me he stated positively that I did not acquiesce in any change.

Mr. MACKENZIE KING: I apologize then to my hon. friend and to the entire house. I can only say that I made inquiry last night of my secretary who reported the circumstances to me exactly as I have given them to the house. I have not had a word with him since, and I let the matter drop at that stage. As a matter of fact what I suggested to my secretary was that he should see the Speaker and ask him about it. His reply to me was that the whip of the Conservative party had already indicated he thought that that would be a perfectly correct procedure. If the house thinks that *Hansard* ought to be reprinted with the correction to which my hon. friend has drawn attention, I am perfectly agreeable. I must confess that I cannot see where there has been any attempt to invade any privilege either of the house or of its individual members.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I did nod across to the Prime Minister (Mr. Mackenzie King) yesterday and I concurred with him in the suggestion that he read the whole statement from the beginning in view of the fact that he had read part of it and then stated he had forgotten a page which he brought in later. I wanted to hear the whole statement read continuously. I had no intention of bringing up this matter, but since it has been brought up I do not think that this is a question of the details concerned. I admit perhaps that there has been no change made in the ideas or substance of the statement in any shape or form; there is no suggestion of that. The Prime Minister says that he did not have it done, and he mentions that the editor of *Hansard* or someone on his behalf endeavoured to get in touch with me. My secretary told me this morning that that is correct. I went home from this house yesterday afternoon with quite a cold, and I decided that the telephone should not bother me all evening; I gave instructions that it should not be answered. I think it rang at least a dozen times, which is probably eleven times too many. I would not answer it and I refused to let anybody else in the house answer it. I wanted to go to bed to rest.

The point I should like to make is this. There is no question of a change in the context because I understand there was none except that the hon. member for Lanark (Mr. Thompson) does mention that I said a few words. If I recall, the hon. member for Winnipeg North Centre (Mr. Woodsworth) said a few words. We both did, and they were both cut out. Not that my remarks were probably of any importance anyway, but I do deny to the editor of *Hansard* or to anybody else the right to remove anything said by me without my consent. I was twitted across the floor of the house the other night for having changed a word in *Hansard*. Incidentally I have searched that since, and my secretary, who is really to blame if anybody was, as he checks over *Hansard*, as to my remarks, and we find there was no change. However, to-day two or three pages have been cut out of *Hansard* by the editor of *Hansard* apparently without the consent of the Speaker and of both sides of the house. That seems to me to be a most extraordinary proceeding. Therefore, I wish to say this: I do not think the editor of *Hansard* has any right at any time to cut out two or three pages of *Hansard* without any excuse whatsoever unless he gets the consent probably of the leaders of all parties and the Speaker as well. I think it is too serious a matter to have the editor of *Hansard* have the power in his hands to do any such thing.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Since I was one of the members concerned, I may say I was in the *Hansard* room just after the discussion had closed down here. The editor then was rather in a quandary as to how he was going to manage the report. A very important statement with regard to foreign policy was being split up and sandwiched in between apples and oranges, and all that kind of thing. What the leader of the opposition (Mr. Manion) had said he said again; what I had said, I said again a little later in the debate. I stated to the editor of *Hansard* that it seemed to me it would be an excellent thing not to repeat all that kind of thing and simply put it down as it stood. It seemed to me that in an important matter of this kind the various little interjections which were made under these peculiar circumstances did not warrant the marring of *Hansard*, which would

go out not only all over Canada but perhaps over the entire world. I think it should be left as it is.

Mr. MACKENZIE KING: I do not wish to add to the discussion, but I think probably the purpose which my hon. friend had in mind in raising the question will have been amply served by having the pages of *Hansard* covered with the fact that I did not have a complete statement when I came into the house, because one page had not been copied at the time; and that I was not aware of that when I started to read the statement which I had left to others to have transcribed.

Mr. MANION: I rise to a point of order. The right hon. Prime Minister has no right to impute the motives which he did to my hon. friend, the hon. member for Lanark (Mr. Thompson). He said the object which the hon. member had in mind was served by having this spread on *Hansard*. I think that is imputing a motive which he has absolutely no right to do.

Mr. MACKENZIE KING: I must say to my hon. friend the leader of the opposition that I cannot see any motive at all in raising the question, unless it was to make clear that the Prime Minister had read a statement and had in so doing omitted a page which he thought had been included, and that *Hansard* had not recorded the fact that he went back to get the page and then was permitted by the house to read the whole statement over again. That is all I wished to imply. My hon. friend may have had another purpose in view in raising the question. May I say that *Hansard* is not here to answer for itself, but I will take full responsibility, as I must, for the action of *Hansard* in this matter. I do think that *Hansard* exercised a reasonable editorial right in presenting yesterday's discussion in the form in which it appeared to-day.

Mr. THOMPSON: I want to say that I had no idea of doing what the Prime Minister (Mr. Mackenzie King) has rather imputed I was doing. My idea in bringing this matter before the house was this: Several times in this house the same thing has occurred—

Some hon. MEMBERS: No.

Mr. THOMPSON: —and on reading *Hansard* I want to say that the Minister of National Defence (Mr. Mackenzie) made certain statements in this house—

Some hon. MEMBERS: Order.

Mr. THOMPSON: —and they were deleted—

Some hon. MEMBERS: Order.

Mr. THOMPSON: They did not appear in *Hansard*.

Mr. SPEAKER: Order. I ask the hon. member to resume his seat. I do not think he is fair in his remark that it has happened on many occasions before. If there were such occasions they should have been brought promptly to the attention of the house.

Mr. THOMPSON: They were.

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO DATE OF PRESENTATION OF REPORT OF ROWELL COMMISSION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the leader of the opposition (Mr. Manion) asked me on March 13 when I expected to receive the so-called Rowell commission report. I replied that the last time I had had word with the chairman of the royal commission on dominion-provincial relations was at the beginning of the year so that I might advise parliament when parliament met, and that I was then informed that the commission hoped to have their report ready about Easter. I added that I was sorry I was unable to say whether they were still of that opinion. The following day, that is, on March 14, I wrote the chairman of the commission and drew his attention to the question of the leader of the opposition, and I have received from him the following reply:

Royal commission on dominion-provincial relations

Ottawa, March 15, 1939.

The Right Hon. W. L. Mackenzie King, M.P.,
Prime Minister of Canada,
Ottawa.

Dear Mr. Prime Minister,

I have your letter of March 14 inquiring when the commission's report will be ready.

When we last met I mentioned that the commission hoped to have the report completed about Easter. Additional work and time, however, have been necessary on the public finance statistics and other basic studies, and it does not now appear possible that the report will be finished before July. We are making every effort to expedite the work, and if an earlier date of completion can be achieved, we shall be able to transmit the report to you somewhat sooner.

I am,
Dear Mr. Prime Minister,
Sincerely yours,
Jos. Sirois, Chairman.

EUROPEAN SITUATION

SUGGESTED MEETING OF LEAGUE OF NATIONS ASSEMBLY TO FORMULATE GENERAL POLICY FOR PEACE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, may I answer a question put yesterday by the hon. member for Rosetown-Biggar (Mr. Coldwell). He asked:

In view of the international situation and reported suggestion for a conference of certain democratic powers, will the government consider the advisability of proposing a meeting of the League of Nations assembly with a view to formulating a joint policy for peace and with a view to seeking cooperation with the United States for such a policy?

The answer I would make to that question is as follows. In view of the fact that consultations have already been initiated by the countries immediately concerned, under the procedure they have considered appropriate for the stage that developments have reached, it is not considered advisable that the Canadian government put forward the suggested proposal.

TRADE AGREEMENTS

CANADA-UNITED STATES—REQUEST FOR INFORMATION AS TO IMPORTS

On the orders of the day:

Hon. C. H. CAHAN (St. Lawrence-St. George): I would ask the Minister of Finance (Mr. Dunning) or the Minister of Trade and Commerce (Mr. Euler) whether in connection with the Canada-United States trade treaty a statement has been prepared of the imports into Canada, during say the last fiscal or calendar year, under the various items which appear in that treaty, and if so, could not such a statement be laid upon the table of the house? Perhaps that has already been done, but as I have been absent I should like to know.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, the tabular statement which is in the hands of all members does not contain the precise information to which my hon. friend from St. Lawrence-St. George (Mr. Cahan) refers. On pages 21 and forward in the tabular statement there are four columns showing the rate of duty under the new agreement, the effective rate under the 1935 agreement, the rate on United States goods prior to the 1935 agreement, and the British preferential tariff rate. In preparing the document, which includes other information as well relating to the other schedule of the treaty, I had to decide whether it would be possible, in view of the four columns of figures which I have already mentioned, to add information respecting the imports of each article. I must confess that in that connection I was rather embarrassed because one column would not give adequate information, and the imports vary so considerably as between the years that in order to inform the house properly there ought to be given at least three or four years' imports, possibly more than that. I preferred therefore in connection with the volume of imports to follow the practice of previous years, which has been adhered to on this occasion also, of giving the information as requested on any item. I have and can give in committee, on any particular item of which there is proper import record, information as to the volume of imports in any one of several previous years. If my hon. friend will refer to his copy of the tabular statement I think he will find that it contains other information that will be useful in committee.

Mr. CAHAN: If I may be permitted, Mr. Speaker, to add a word, it would be of very great assistance to members in studying the items of this trade treaty if the information which has been omitted might be now given, because I find it an almost endless task to read through the trade returns in an endeavour to find from them what have been the imports under particular items, as the classification varies. I thought if the minister had such information at hand it would assist us very much if it could be published.

Mr. DUNNING: I am doubtful about it, because one year would certainly not, as my hon. friend will agree, present a fair or reasonable picture from either point of view.

Mr. CAHAN: But if you gave it for two or three years?

Mr. DUNNING: It would be a complicated statement.

Mr. CAHAN: If a new schedule were printed it would be easy to incorporate the returns of imports for different years.

TARIFF BOARD

INQUIRY AS TO REPORT ON REFERENCE RESPECTING VEGETABLE OILS

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I would ask the Minister of Finance (Mr. Dunning) if he has any knowledge as to when he expects to receive a report from the tariff board on the reference respecting vegetable oils.

Hon. CHARLES A. DUNNING (Minister of Finance): I hope my hon. friend will allow that question to stand. He can understand that, owing to the very much regretted death of the chairman of the tariff board, it will take a little time for me to assure myself as to just how things stand with regard to various tariff board reports. I frankly confess I have not had time even to commence doing so as yet.

INQUIRY FOR RETURN

QUESTION OF PREPARING NATIONAL REGISTER FOR DEFENCE, ECONOMIC OR OTHER PURPOSES

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I should like to ask the government when I may expect an order for a proper return asked for on January 12, again on February 3, and again on March 10 relating to a most important matter, that of a national register for defence or economic or industrial or labour purposes, and whether a census or national register will be compiled of Canada's industrial power, economic power, food power, man power, military and defence power, and the unemployed. I should like to find out from the various ministers concerned—defence, labour and agriculture—where this return is, because the defence of the realm is important. My question was:

1. Have any steps been taken by the government to secure a national register for Canada for defence or economic or industrial or labour purposes?

2. If so, what are they?

3. Will a census or modern doomsday book, or national register be ordered or compiled of: (a) industrial power (b) economic power; (c) food power; (d) man power; (e) military and defence power, and (f) unemployed?

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Speaker, so far as the Department of National Defence is concerned, the information was forwarded to the appropriate department, but as the return concerned at least three departments of government it would be tabled by the Secretary of State.

Mr. CHURCH: Can the Minister of Agriculture (Mr. Gardiner) tell us when we may expect his part of the return on food power? Where is this return so far as the Department of Agriculture is concerned?

Hon. FERNAND RINFRET (Secretary of State): Mr. Speaker, I shall inquire into the matter and see if I cannot expedite the tabling of the return.

WAYS AND MEANS

EUROPEAN SITUATION—REQUEST FOR CLARIFICATION OF GOVERNMENT'S STATEMENT OF POLICY

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of ways and means.

Mr. T. L. CHURCH (Broadview): Before you leave the chair, Mr. Speaker; although I do not wish to delay the Minister of Finance (Mr. Dunning), there is a matter which, with your permission, I should like to bring before the house for three or four minutes, and this is the only day this week on which it can be mentioned. I ask the government to clarify the statement which was made by the Prime Minister (Mr. Mackenzie King) yesterday on foreign affairs and Canada's position. I agree with a great deal of what he said, and also with what the leader of the opposition (Mr. Manion) so well said. We should also, I say, have in this country a maximum of unity on these matters of national security and defence, and a minimum of criticism, because, as Adam Smith said, and do not forget that, security is better than opulence. At the same time I wish to point out that, although this is the forty-eighth day of the session, no action has been taken, the house does not know and the country cannot read between the lines and find out what is Canada's policy on this great question of life and death which confronts civilization to-day. Where is Canada, and what is she doing? It seems to me that Canada's policy is that "the pen is mightier than the sword"; but that is not so with Hitler and the other dictators. This land is much coveted by them because of its great natural resources and raw materials. I think the time has come when all the facts should be told and the country should be taken into the confidence of the government. I do not think we could do better than to follow the precedent in respect to publicity of facts set in England by Mr. Chamberlain, when, in his recent speech at the last dinner of the parliamentary press gallery in London, he said:

> If the people are not allowed to know the facts; if they are only allowed to know what their rulers choose them to know, then that people are in danger of being led to embark upon a course which may presently lead them into disaster.

Speaking later in the House of Commons, he defined the country's commitments, gave the exact details and answered dozens of questions. I have examined day by day the London newspapers, particularly the *Times*,

and I find that there was a very elaborate debate in the House of Commons the other day on this matter; almost every day the question is up there. One question which was then asked was, "Where is Canada?" Well, as I have said, we are at the forty-eighth day of the session, and parliament and the country are entitled to know, and we do not know as yet, where we are with regard to our security or defence on land, on the sea, or in the air. We have practically no defences except those supplied by the mother country as was the case in 1812. I believe that my honoured leader, who served so ably and faithfully in the war, gave a very fair statement as far as it goes, and I agree with him that we must not introduce politics into this matter or try to keep the country in the dark. Our silence is playing of politics. How is it that by leave of the radio commission this subject of defence of the realm and foreign affairs can be debated every Sunday and every day almost on the radio, yet this house is denied the right of knowing the facts which concern the security of Canada at this time? We do not know where we are. Italy and Japan our old allies have been driven since 1922 into the arms of Germany and very foolishly so; to-day Britain is "going it alone" with France. We should certainly know something more about what is going on.

I do not wish to embarrass the Prime Minister. Far from it; I should like to support him; and I believe the country, irrespective of class or creed or politics or anything else, will support him if he will do something. We do not know whether in Canada we are secure or not. Are we to wait until the enemy sails up the St. Lawrence? We know they can be here in a few hours if they come west instead of east, and they can by an air attack destroy every public utility in Montreal, Ottawa, Quebec, and Toronto in a few hours. The maritimes and Quebec will be the first to suffer. We know what a lack of defence policy and silence led to in 1914. The late Lord Roberts went up and down Great Britain and came to this country and told the people of the grave danger ahead, but his speeches were called pernicious and dangerous, even up to three days before the outbreak of war, because he predicted it and he had not a single statesman except Lord Milner with him. Are we going to repeat that in 1939 by our silence and lack of preparation before it is too late.

I am not going to take up any more time, because I should like to see the Minister of Finance (Mr. Dunning) get on with his work, but I believe that the time has come when we should have some action and an announcement from the government, or a day set aside soon so that the matter may be discussed.

[Mr. Church.]

Right Hon. W. L. MACKENZIE KING (Prime Minister): I might say to my hon. friend that it seems to me the more appropriate time to discuss the matter to which he has just referred would be on the estimates of the Department of National Defence or on the estimates of the Department of External Affairs. Those estimates will be presented as soon as we have made the desired progress with the measures which have been before the house up to the present time.

CANADA-UNITED STATES TRADE AGREEMENT

The house in committee of ways and means, Mr. Sanderson in the chair.

On schedule I.

Customs tariff—234. Perfumery, including toilet preparations, non-alcoholic, viz., hair oils, tooth and other powders and washes, pomatums, pastes and all other perfumed preparations, n.o.p., used for the hair, mouth or skin: 30 per cent.

Mr. MacNICOL: When the committee rose last evening I was about to ask if the n.o.p. in this item referred to the whole line of perfumes, or if there is some other item in the tariff which applies only to perfumes?

Mr. DUNNING: There are several items, but within this item are comprised creams, solid and liquid of all kinds; brilliantine, oily or liquid; face powders, talcum powders, sachet powders, lipstick, compacts, bath salts, lotions, and toilet water, non-alcoholic.

Item agreed to.

Customs tariff—236. Surgical dressings, antiseptic or aseptic, including absorbent cotton, lint, lamb's wool, tow, jute, oakum, woven fabric of cotton weighing not more than seven and one-half pounds per one hundred square yards, whether imported singly or in combination one with another, but not stitched or otherwise manufactured; surgical trusses and suspensory bandages of all kinds; sanitary napkins, and abdominal supports: 20 per cent.

Mr. COLDWELL: This is a matter of surgical dressings, and I should like to put in a plea against the charging of duties on goods of this description which are used in the case of sickness, and on equipment used for the relief of people who are invalids. It seems to me that, having made some concessions with regard to people who are suffering from blindness, we should be well advised

to consider the granting of the lowest possible prices to those who in the event of sickness have to pay for supplies. Here we find that on "surgical dressings, antiseptic or aseptic, including absorbent cotton, lint, lamb's wool, tow, jute, oakum," and so on, the rate of duty under the new agreement is twenty per cent. I am of the opinion that, if we are not to move in the direction of the elimination of tariffs, there are at least certain things on which no duty should be charged. Surgical supplies which are essential in the case of sickness, or other articles which minister to the comfort of people who are invalids—I have in mind things like wheel chairs—might well be considered when the minister brings down his budget. I am raising the matter now so that perhaps some consideration may be given to supplies for use of invalids.

Mr. DUNNING: The duty on this class of articles has been reduced from thirty-five per cent in 1935 to twenty per cent under the new agreement. I shall take note of what the hon. member has said and give it consideration, although the reduction already effected is very substantial.

Mr. McCANN: And it is ten per cent under the British tariff.

Mr. DUNNING: Yes. I should have remarked that under the British preference there is only a ten per cent rate.

Item agreed to.

Customs tariff—237. (c) Synthetic resins, n.o.p., in liquid, powder, granular, or lump form; or in tubes, cylinders, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, not further manufactured than moulded, extruded or pressed, when for use in Canadian manufactures: free.

Item agreed to.

Customs tariff—238a. Manufactures of pyroxylin plastics, or of which pyroxylin plastic is the component of chief value, n.o.p.: 27½ per cent.

Item agreed to.

Customs tariff—238b. Cellulose nitrate or pyroxylin plastics, in tubes, cylinders, balls, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, not further manufactured than moulded or pressed, when for use in Canadian manufactures: free.

Item agreed to.

Customs tariff—238c. Moulding compositions of cellulose acetate or other derivatives of cellulose, in powder or granular form: free.

Item agreed to.

Customs tariff—239. Lamp black, carbon black, ivory black and bone black: free.

Item agreed to.

Customs tariff—242. Dry red lead; orange mineral; antimony oxide, titanium oxide, and zinc oxide such as zinc white and lithopone; white pigments containing not less than 14 per cent by weight of titanium dioxide: 15 per cent.

Item agreed to.

Customs tariff—243. Dry white lead, 20 per cent.

Mr. MacNICOL: Are the reductions in items 243 and 244 to compensate the paint manufacturers for the reduction on paints which is referred to in a further item?

Mr. DUNNING: I do not like the word "compensation,"—

Mr. MacNICOL: It is a good word.

Mr. DUNNING: —but we did take into account that when a reduction was effected on a manufacturer's finished product, the materials entering into that finished product should be carefully scrutinized. That was done in this particular case.

Mr. MacNICOL: In the case of 243, is any of it manufactured in Canada, or is it all imported?

Mr. DUNNING: Our production in Canada in 1936 was 4,321,900 pounds by weight, valued at $284,100. The imports have been very small indeed. We imported from the United States last year, $1,958 worth and exported to the United States $2,300 worth.

Mr. SENN: Is any class of this goods coming from Great Britain?

Mr. DUNNING: From Great Britain we imported $1,155 worth and exported to Great Britain $8,700.

Item agreed to.

Customs tariff—244. White lead ground in oil, 25 per cent.

Item agreed to.

Customs tariff—246. Oxides, fireproofs, rough stuff, fillers, laundry blueing, and colours, dry, n.o.p.: 20 per cent.

Item agreed to.

Customs tariff—247. Liquid fillers, anti-corrosive and anti-fouling paints, and ground and liquid paints, n.o.p.: 25 per cent.

Item agreed to.

Customs tariff—ex 247a. Artists' and school children's colours; fitted boxes containing the same: 25 per cent.

Item agreed to.

Customs tariff—248. Paints and colours, ground in spirits, and all spirit varnishes and lacquers: 85 cents per gallon.

Mr. MacNICOL: What are our imports?

Mr. DUNNING: Last year our imports were $53,500 from the United States and $5,400 from the United Kingdom. In the same year the exports were $14,700 to the United Kingdom and $109 to the United States.

Item agreed to.

Customs tariff—249. Varnishes, lacquers, japans, japan driers, liquid driers, and oil finish, n.o.p.: 15 cents per gallon, and 20 per cent.

Item agreed to.

Customs tariff—252. Shoe blacking; shoemakers' ink; shoe, harness and leather dressing, and knife or other polish or composition, n.o.p.: 22½ per cent.

Item agreed to.

Customs tariff—256. Printing ink, 17½ per cent.

Mr. SENN: What are the figures under this item? This is an important item in Canada.

Mr. DUNNING: My hon. friend understands that this is neither a reduction nor a change. It merely binds us not to increase the rate of duty during the currency of the agreement. The imports from the United States last year were $149,200. The exports are not separately recorded; apparently they are very small.

Mr. SENN: What is the extent of the Canadian business?

Mr. DUNNING: The last figure we have is for 1936. The production was $2,387,300.

Mr. MacNICOL: Is that the latest figure?

Mr. DUNNING: It is the latest available.

Mr. MacNICOL: It would be interesting to know what it was last year. I am sure that after the annual reduction of $400,000 worth of business in one magazine printing office as a result of the 1935 treaty the reduction in ink production must be appreciable.

Mr. DUNNING: My hon. friend will be interested to note that Canadian production rose between 1935 and 1936.

Mr. MacNICOL: Exactly, because under the Bennett tariff, magazines were being printed in Canada. It was not until the treaty was passed in 1936 that the reduction began.

Mr. DUNNING: The hon. member forgets that the last agreement with the United States came into force on the first of January, 1936.

[Mr. Senn.]

Mr. MacNICOL: And the fiscal year ended March 31, 1936.

Mr. DUNNING: That does not make any difference.

Mr. SENN: There is what is known as the powdered ink industry. Is that included in this item?

Mr. DUNNING: What my hon. friend refers to as powdered ink must be included in this, because it is described as inks, printing, mimeographing and lithographing. It must be merged in the quantities I gave.

Item agreed to.

Customs tariff—261. Turpentine, spirits of, free.

Item agreed to.

Customs tariff—272. Refined petroleum jellies and oils, for toilet, medicinal, edible, or similar purposes: 20 per cent.

Item agreed to.

Customs tariff—274. Petroleum coke: free.

Item agreed to.

Customs tariff—ex 281. Firebrick containing not less than ninety per cent of silica; magnesite firebrick or chrome firebrick; other firebrick valued at not less than one hundred dollars per one thousand, rectangular shaped, the dimensions of each not to exceed one hundred and twenty-five cubic inches, but not including firebrick made substantially of silicon carbide and/or fused alumina, for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment: free.

Item agreed to.

Customs tariff—281a. Firebrick, n.o.p., of a class or kind not made in Canada, for use exclusively in the construction or repair of a furnace, kiln, or other equipment of a manufacturing establishment: 12½ per cent.

Item agreed to.

Customs tariff—281b. Firebrick, n.o.p.: 20 per cent.

Item agreed to.

Customs tariff—282. Building brick and paving brick: 15 per cent.

Mr. GRAYDON: What are the importations?

Mr. DUNNING: Our imports of building brick from the United States last year totalled $20,900. Of paving brick, the figure was $17,000 last year.

Mr. MacNICOL: That would be a special kind of brick?

Mr. DUNNING: Yes, a special brick. I should mention by way of information that we also exported $20,900.

Mr. MacNICOL: Of building brick?

Mr. DUNNING: Yes, of which $17,800 went to the United States.

Mr. LOCKHART: I wonder if the minister would mind giving the production of firebrick in Canada? The item carried a moment ago.

Mr. DUNNING: There are two firebrick items. The last production figures we have from the bureau of statistics are in every instance for 1936. The production figures are nearly always two years behind in our official publications. There are several items here—firebrick from domestic clays, of which we produced in that year $118,900; firebrick and stove linings from imported clays, $390,200; fire clay bricks and shapes from domestic clays, $65,200.

Mr. ROSS (St. Paul's): Why should firebrick of a class or kind not made in Canada have a duty of 12½ per cent while firebrick under item ex 281 is free?

Mr. DUNNING: Neither of those items is made in Canada.

Item agreed to.

Customs tariff—282a. Manufactures of clay or cement, n.o.p.: 20 per cent.

Item agreed to.

Customs tariff—284. Drain pipes, sewer pipes and earthenware fittings therefor, chimney linings or vents, chimney tops and inverted blocks, glazed or unglazed, n.o.p.; earthenware tiles, n.o.p.: 30 per cent.

Mr. BARBER: Would the minister give the imports?

Mr. DUNNING: Imports of tiles and earthenware—that is part of the item—from the United States, $15,500; and drain pipes and sewer pipes from the United States, $12,700. The United Kingdom in the one case ships us much more of that material than the United States.

Mr. BARBER: Do we export any?

Mr. DUNNING: They are not separately recorded. They are under a general classification—products of clay.

Mr. LOCKHART: What is the amount of imports of tile from the United Kingdom? It is quite a large amount, I believe.

Mr. DUNNING: Last year, $68,800.

Item agreed to.

Customs tariff—288a. Chemical stoneware composed of a non-absorbent vitrified body specially compounded to resist acids or other corrosive reagents: 20 per cent.

Item agreed to.

Customs tariff—288b. Hand forms of porcelain, when imported by manufacturers for use exclusively in the manufacture of rubber gloves in their own factories: 20 per cent.

Item agreed to.

Customs tariff—289. Baths, bathtubs, basins, closets, lavatories, urinals, sinks and laundry tubs of earthenware, stone, cement, clay or other material, n.o.p.: 27½ per cent.

Mr. CLARKE (Rosedale): What amount of this item is imported?

Mr. DUNNING: Imports last year from the United States, $65,800; from the United Kingdom; $86,100. Our total imports come from those two sources.

Mr. BROWN: What is the rate of duty on those items going into the United States?

Mr. DUNNING: If they are uncoloured, 30 per cent, and if coloured or painted, 35 per cent.

Mr. SENN: Is there any change in the United States rate?

Mr. DUNNING: No.

Mr. McNIVEN: The articles covered by this item are required and used in the construction of houses, and the very high cost of them works against the success of the minister's housing scheme. For example, in a house built in Regina the unit cost was $102, and for a similar house built in St. Catharines the cost was $69.

Mr. SENN: That is the freight.

Mr. McNIVEN: Freight—it is a fright! These are essentials in the construction of small houses. The cost is very high in all parts of Canada, and there is a common and popular opinion that the manufacture of these commodities is a monopoly. They have a protection of 27½ per cent. I would ask the minister to give serious consideration to further substantial reductions in this item when he brings down his budget, in order that the cost of house building may be brought more within the ability of the average man.

Mr. DUNNING: The major source of supply of these articles outside of Canada is Great Britain. Under the agreement with Great Britain the rate is 15 per cent. What we are doing at present is reducing an aggregate rate of 38⅓ per cent to 27½ per cent, which is a fairly substantial reduction. However I shall be glad to bear in mind my hon. friend's remarks.

Mr. MacNICOL: Should not the minister take the trouble to point out to the hon. member for Regina (Mr. McNiven) that the articles he was talking about are not covered

by this item at all? Baths and plumbers' supplies ordinarily entering into the construction of small houses are not covered by this item. This is a special item not otherwise provided for— porcelain, etc., a high-class article not used in ordinary homes at all.

Mr. DUNNING: Yes, I should have mentioned that this item does not cover the ordinary bathtub made of iron and coated with enamel. This is the earthenware article, not the one which is most frequently used in small homes.

Item agreed to.

Customs tariff—296c. Magnesium carbonate, imported for use in the compounding or manufacture of rubber products: 20 per cent.

Item agreed to.

Customs tariff—296d. Feldspar, ground but not further manufactured: 15 per cent.

Item agreed to.

Customs tariff—305. Flagstone, sandstone and all building stone, not hammered, sawn or chiselled, and marble and granite, rough, not hammered or chiselled: 12½ per cent.

Item agreed to.

Customs tariff—306. Marble, sawn or sand rubbed, not polished; granite, sawn; paving blocks of stone; flagstone and building stone, other than marble or granite, sawn on not more than two sides: 20 per cent.

Item agreed to.

Customs tariff—312 and 312a. Asbestos in any form other than crude, and all manufactures thereof, n.o.p.: 20 per cent.

Item agreed to.

Customs tariff—315. Carbons or carbon electrodes over three inches in circumference or outside measurement and not exceeding 35 inches in circumference or outside measurement; carbons of a class or kind not produced in Canada, when imported for use in the manufacture of dry batteries and dry cells: free.

Item agreed to.

Customs tariff—320. Plate glass, not bevelled, in sheets or panes not exceeding 7 square feet each, n.o.p.: 20 per cent.

Mr. BROWN: What is the rate of duty on that item going into the United States, and what are the imports from the United States?

Mr. DUNNING: Of plate glass in small sheets—my hon. friend understands that there is a difference between the small sheets and the larger sheets entering both countries—we imported last year $455,000 worth. The rate of duty entering the United States is 12½ cents per square foot up to 19¾ cents per square foot. It is dependent on the size.

Item agreed to.

Customs tariff—326.

(i) Demijohns or carboys, bottles, flasks, phials, jars and balls, of glass, not cut, n.o.p.; lamp chimneys of glass, n.o.p.; decanters and machine-made tumblers of glass, not cut nor decorated, n.o.p.: 27½ per cent.

(ii) Opal glassware, glass tableware, cut glassware and illuminating glassware, n.o.p.: 25 per cent.

Item agreed to.

Customs tariff—326a. Manufactures of glass, n.o.p.: 17½ per cent.

Item agreed to.

Customs tariff—326e. Articles of glass, not plate or sheet, designed to be cut or mounted; articles of glassware when imported by manufacturers of silverware to be used in receptacles made of or electroplated with precious metals, in their own factories: free.

Item agreed to.

Customs tariff—326g. High thermal shock-resisting glassware: 15 per cent.

Item agreed to.

Customs tariff—345. Zinc dust, strip and sheets; zinc plates for marine boilers; sal ammoniac skimmings and seamless drawn tubing of zinc: free.

Item agreed to.

Customs tariff—346. Zinc, manufactures of, n.o.p.: 20 per cent.

Item agreed to.

Customs tariff—ex 346. Zinc slugs or discs, when imported by manufacturers of electric dry batteries for use in the manufacture or seamless cups or shells for such batteries, in their own factories: free.

Item agreed to.

Customs tariff—348c. Brass scrap and brass in blocks, ingots or pigs; copper in bars or rods, not less than 6 feet in length, unmanufactured, n.o.p.; copper in strips, sheets or plates, not polished, planished or coated; brass or copper tubing, in length not less than 6 feet, and not polished, bent or otherwise manufactured: 10 per cent.

Mr. BROWN: What is the duty on that item going into the United States, and what were the imports from the United States?

Mr. DUNNING: Our imports from the United States of all these items combined amounted for the last fiscal year to $433,049. The rate entering the United States—it is differently described from ours—is 4 cents a

pound on the copper content plus the regular duty on some of the forms. On brass bars and sheets, it is 4 cents a pound on the copper content plus 4 cents a pound gross. The United States tariff set-up on this item is quite different from ours.

Item agreed to.

Customs tariff—350. Wire of all metals and kinds, n.o.p.: 30 per cent.

Mr. BROWN: Will the minister give the same information as to this item?

Mr. DUNNING: Imports of wire of all metals and kinds, n.o.p., $211,449, from the United States. The United States duty depends on the kind of metal in the wire, but on their n.o.p. item which most nearly corresponds to this, the duty is 25 per cent.

Item agreed to.

Customs tariff—351. Wire, single or several, covered with any material, including cable so covered, n.o.p.: 27½ per cent.

Item agreed to.

Customs tariff—352. Brass and copper nails, tacks, rivets and burrs or washers; bells and gongs, n.o.p.; and manufactures of brass or copper, n.o.p.: 25 per cent.

Item agreed to.

Customs tariff—ex 352, ex 362c, ex 432d, ex 446a, ex 506. Metal parts in any degree of manufacture, coated or not, and wooden parts in the rough, when imported by manufacturers of spools, quills, pirns, bobbins and shuttles, for use in the manufacture of such articles, in their own factories: 10 per cent.

Mr. DUNNING: It is all one item, Mr. Chairman.

Item agreed to.

Customs tariff—ex 353. Aluminum and alloys thereof, crude or semi-fabricated, viz.: Pigs, ingots, blocks, notch bars, slabs, billets, and blooms; bars, rods and wires; angles, channels, beams, tees and other rolled or drawn sections and shapes; pipes and tubes; plates, sheets and strips, including circles: 27½ per cent.

Item agreed to.

Customs tariff—354. Manufactures of aluminum, n.o.p.: 27½ per cent.

Mr. BROWN: Could I have information with respect to the duty and the imports?

Mr. DUNNING: Of aluminum manufactures n.o.p., we imported $748,000 worth from the United States last year. We exported $67,000 worth to the United States. The United States tariff, where an article is wholly or in chief value of aluminum is 45 per cent.

Item agreed to.

Customs tariff—354a. Kitchen or household hollow-ware of aluminum, n.o.p.: 27½ per cent.

Item agreed to.

Customs tariff—357. Britannia metal, nickel silver, Nevada and German silver, manufactures of, not plated, n.o.p.: 25 per cent.

Item agreed to.

Customs tariff—362. Articles consisting wholly or in part of sterling or other silverware, n.o.p.: manufactures of gold or silver, n.o.p.: 32½ per cent.

Item agreed to.

Customs tariff—362a. Metal parts, electroplated, for loose-leaf binders: 25 per cent.

Item agreed to.

Customs tariff—362c. Nickel-plated ware, gilt or electro-plated ware, n.o.p.: 30 per cent.

Item agreed to.

Customs tariff—367. Watch cases, and parts thereof, finished or unfinished: 32½ per cent.

Item agreed to.

Customs tariff—368. Clocks, time recorders, clock movements, clockwork mechanisms, and clock cases: 30 per cent, but not less than each, 40 cents.

Item agreed to.

Customs tariff—369. Parts of clock movements or of clockwork mechanisms, finished or unfinished, not including plates: 25 per cent.

Item agreed to.

Customs tariff—375. Ferro-alloys:
(f) all alloys used in the manufacture of iron or steel, n.o.p.: 5 per cent.

Item agreed to.

Customs tariff—377a. Blooms, cogged ingots, slabs, billets, n.o.p., sheet bars, of iron or steel, by whatever process made, n.o.p.: $4 per ton.

Mr. BROWN: I should like information from the minister as to the rate of duty into the United States and the value of imports.

Mr. DUNNING: Last year imports from the United States were valued at $362,000. Our exports were mainly to the United Kingdom, and were valued at nearly $3,482,000. Only an infinitesimal quantity went to the United States. The United States rate of duty is in fact a variety of rates, mostly specific, on steel billets, according to the value thereof. These rates range from a quarter of a cent per pound on billets valued at not over 1½ cents per pound to 20 per cent on billets valued at over 16 cents per pound. It is difficult to compare each specific item.

Mr. BROWN: It works out so that there is a higher rate.

Item agreed to.

Customs tariff—377f. Bars or rods, of iron or steel, hot rolled, viz.: Rounds over 4⅞ inches in diameter and squares over 4 inches: $6 per ton.

Mr. BROWN: Would the minister give the same information with respect to that item?

Mr. DUNNING: Our imports from the United States were valued at $13,600. The United States tariff would be the same as on the previous item, because it merges with that item in the United States tariff.

Item agreed to.

Customs tariff—378. Bars and rods, of iron or steel; billets, of iron or steel, weighing less than 60 pounds per lineal yard:

(a) Not further processed than hot rolled, n.o.p.: $7 per ton.

(c) Cold rolled, drawn, reeled, turned or ground, n.o.p.: 20 per cent.

(d) Hot rolled, valued at not less than 4 cents per pound, n.o.p.: 12½ per cent.

Item agreed to.

Customs tariff—380. Plates of iron or steel, hot or cold rolled:

(a) Not more than 66 inches in width, n.o.p.: $8 per ton.

(b) More than 66 inches in width, n.o.p.: $6 per ton.

Item agreed to.

Customs tariff—381. Sheets, of iron or steel, hot or cold rolled:

(a) ·080 inch or less in thickness, n.o.p.: 20 per cent.

(b) More than ·080 inch in thickness, n.o.p.: $6 per ton.

Item agreed to.

Customs tariff—382. Hoop, band or strip, of iron or steel:

(a) Hot rolled, ·080 inch or less in thickness, n.o.p.: 12½ per cent.

(b) Hot rolled, more than ·080 inch in thickness, n.o.p.: $7 per ton.

Item agreed to.

Customs tariff—383. Sheets, plates, hoop, band or strip, of iron or steel:

(a) Coated with tin, of a class or kind not made in Canada, n.o.p.: 15 per cent.

(b) Coated with tin, n.o.p.: 17½ per cent.

(c) Coated with zinc, n.o.p.: 17½ per cent.

(d) Coated with metal or metals, n.o.p.: 10 per cent.

Item agreed to.

Customs tariff—384. Skelp of iron or steel, hot rolled, when imported by manufacturers of pipes and tubes for use exclusively in the manufacture of pipes and tubes, in their own factories, under regulations prescribed by the minister:

(a) Not more than 14 inches in width: 5 per cent.

(b) More than 14 inches in width: 5 per cent.

Item agreed to.

Customs tariff—385a. Sheets, plates, hoop, band or strip, of rust, acid or heat resisting steels, hot or cold rolled, polished or not, valued at not less than 5 cents per pound: 17½ per cent.

Item agreed to.

Customs tariff—386; ex 442. Sheets, plates, hoop, band or strip, of iron or steel, as hereunder defined, under regulations prescribed by the minister:

(c) Sheets, plates, hoop, band or strip, hot rolled, being mould boards, shares, cultivator or shoe shapes, plough plates, land sides or disc circles, when such rectangles, circles or sketches are cut to shape but not moulded, punched, polished or otherwise manufactured, when imported by manufacturers of agricultural implements for use exclusively in the manufacture of agricultural implements, in their own factories: Free.

(m) (ii) Sheets, hoop, band or strip, of iron or steel, hot rolled, when imported by manufacturers for use exclusively in the manufacture of sheets, hoop, band or strip, coated with zinc or other metal or metals, not including tin, in their own factories: 17½ per cent.

Item agreed to.

Customs tariff—388. Iron or steel angles, beams, channels, columns, girders, joists, tees, zees and other shapes or sections, not punched, drilled or further manufactured than hot rolled, weighing not less than 35 pounds per lineal yard, n.o.p.; piling of iron or steel, not punched or drilled, weighing not less than 35 pounds per lineal yard, including interlocking sections, if any, used therewith, n.o.p.: $3 per ton.

Item agreed to.

Customs tariff—388b. Iron or steel angles, beams, channels, columns, girders, joists, tees, zees and other shapes or sections, not punched, drilled or further manufactured than hot rolled, n.o.p.; piling of iron or steel, not punched or drilled, including interlocking sections, if any, used therewith, n.o.p.: $7 per ton.

Mr. MacNICOL: There is not very much in the iron and steel items on which the minister can be congratulated, but I do think I can congratulate him upon not having this item changed.

Item agreed to.

Customs tariff—390. Castings, of iron, malleable, n.o.p.: 22½ per cent.

Item agreed to.

Customs tariff—390a. Castings, of iron, non-malleable, n.o.p.: 22½ per cent.

Mr. LENNARD: I should like to have information with respect to imports from the United States on items 390, 390a and 390b.

Mr. DUNNING: On item 390 imports from the United States last year were valued at $158,000, and exports to the United States were valued at $123,000. The United States tariff rates are 10 per cent. On item 390a imports from the United States are valued at $219,400, and the exports are part of the figures I have already given in connection with item 390. The United States tariff rate is 10 per cent. With respect to item 390b, imports from the United States last year were valued at $142,600, and the exports are included in the total I have previously mentioned. The United States duty is 45 per cent, if annealed. Otherwise they vary, according to the content of the alloy.

Mr. SENN: There is a reduction in these three items from the rate prior to 1934, and the one effective under the 1935 agreement. Has the minister figures to show where there has been any increase in importations, owing to the reduction under the 1935 agreement?

Mr. DUNNING: I am sorry that in connection with these items I have not figures farther back than 1937. If the hon. member is interested, however, I shall be glad to supply him with the figures, apart altogether from the deliberations of the committee.

Mr. SENN: I imagine these are largely used in connection with the manufacture of farm implements.

Mr. DUNNING: No; automobiles, principally.

Mr. SENN: In any case there is no doubt that there must have been an increase in the importations?

Mr. DUNNING: I should say very likely, yes. But farm implements are under separate items.

Mr. HARRIS: In connection with these particular items, as the minister probably knows, there was a very substantial decrease in the importations following the 1930 emergency tariff, put through by a previous administration. In line with the suggestion made this afternoon by the hon. member for St. Lawrence-St. George (Mr. Cahan) I have drawn up a schedule showing the effect on individual items since 1930, and coming right down to date—to January 1, 1939. I reiterate what I said on a previous occasion in regard to this point, which was referred to in the question asked this afternoon by the hon. member for St. Lawrence-St. George. Apart from the fact that it has not been done in the past, I feel that in connection with a very important measure such as this —and I am sticking to items 390, 390a and 390b—we should have more information than we have.

The minister and the committee know that when we are dealing with commodities as outlined in table 1 of schedule II we have at hand at once the dollar value effected by a particular item. And on the Canadian side of the picture the same applies with respect to table 2 of schedule I. Hon. members do not know, prior to the consideration of an item—unless they carry out a good deal of research—the particulars with respect to it. It is quite a task to get that information, and requires considerable time. The minister has the benefit of it. We should have it. Those of us who delve through the records to find the information encounter all sorts of difficulties. If we had the information we could give proper and adequate consideration to the items before the committee.

It took six clerks about four weeks in my office to do this work. Now that I have it I find I have not got it in the same sequence as has the Minister of Finance. However I have an idea from which I can make general observations. The statistics which the very efficient commissioners of ours dealt with when they were in Washington were United States statistics and are for the calendar year. They had to bring them into relation with our statistics which are for the fiscal year ending March 31. I have no doubt they had great difficulty, and it is almost impossible for us to give the consideration we would like to give to these items with the meagre information that is provided.

These particular items cover castings of iron, malleable n.o.p.; castings of iron, non-malleable, n.o.p., and castings, of steel, n.o.p. When we deal with these items we enter another phase of Canadian economy which I emphasized some two years ago, again last year and again this year. There should be some correlation between those charged with negotiating trade treaties, on the one hand, and those charged with the responsibility of expanding employment for our people, on the other. If you take item 390, castings, of iron, malleable, n.o.p., and then the Purvis report and trace that one item through from 1930, as is done in this statement of employment conditions in Canadian industry,

you will find that in the iron and steel industry there are 45,700 workers without employment.

Mr. DUNNING: In the malleable group?

Mr. HARRIS: I said the iron and steel group.

Mr. DUNNING: The whole thing?

Mr. HARRIS: It is not analysed as the malleable group. That is a great handicap in dealing with this matter. It is impossible from the records to trace how many fewer employees are working to-day because of these reductions. That cannot be done even from this rather large report on employment conditions. I think the minister will bear with me if I use the total figure.

Mr. DUNNING: Oh, yes.

Mr. HARRIS: If the minister is desirous of having questions put in connection with every item, he knows we will not reach the last page before dominion day. Perhaps we may be permitted to make our remarks a little more general. Perhaps you, Mr. Chairman, in your breadth of vision and thoughtful conduct of affairs in this committee, will allow us a little more latitude. There was a total import of 16,000 hundredweight of malleable castings into this country in 1936, and there has been a substantial increase since that time. We find that the total duty paid on castings and other items in that particular schedule prior to the passing of this trade treaty, that is all items over $25,000, amounts to $368,649. We now find that under the trade treaty which came into effect on January 1 our United States brethren will be able to ship the same quantities of these items upon the payment of a total duty of $283,838. They will have to pay $84,811 less to get their goods into this country. Those who were previously employed in the production of iron castings or malleable steel products will not feel very happy about that situation.

I should like to make one general observation on the entire group. We are being asked to consider items 390, 390a and 390b. The reductions in duties amount to $3,964 on one item, $3,484 on the next and $3,564 on the next. When we apply this argument to the entire iron and steel schedule we find that in all items over $25,000 a total duty was paid last year of $7,835,075. After January 1 the same items could have entered upon the payment of $2,727,978 less in duties. I am not taking into consideration the excise tax which would make a still further substantial reduction.

I think we might say that the United States is over-industrialized as far as the production of malleable, non-malleable and steel castings is concerned. Anyone who has had the privilege of going through the plants in the Pittsburgh area will realize this. Anyone who has high hopes of the city of Hamilton becoming the Pittsburgh of Canada will feel badly about this particular situation. I should like to make this observation. The entire concession in export schedules does not balance what has happened in concessions given in iron and steel imports alone.

Mr. KINLEY: Is the hon. member taking account of the free items?

Mr. HARRIS: The concessions granted by the United States by this trade treaty in connection with iron and steel products which might flow from Canada to the United States amount to only $13,696 on items over $25,000. That is the actual dollar value of the concessions they have given us in the iron and steel group. All the concessions granted in connection with goods entering the United States have a difference in the dollar value payable of $2,411,742. The concessions given by Canada in connection with iron and steel alone have a dollar value of $2,727,978 less duty to pay, apart entirely from the excise tax. I ask hon. members to carry this picture in their minds along with the picture given in the report on employment conditions in Canadian industry. We must remember that ever since 1927, 1928, 1929 and 1930 our friends in the United States have found themselves over-industrialized, especially in the iron and steel industry. It must be patent on the face of it that any action taken that will bring more of such products into this country will automatically—I do not like to use the word "paralyze"—still further handicap those of our citizens who are employed in the iron and steel industry. It is difficult for moulders of castings, such as are covered by item 390, when they reach the age of forty or fifty, to readjust themselves and enter some agricultural pursuit. They have probably started in as apprentices in the foundry at the age of fourteen or fifteen, and it is very hard for them to find themselves out of employment in middle life. They are a type of citizen who have their modest homes established near the centres of industry and probably pretty well paid for, and it is difficult for them to pick up and go into some other vocation or pursuit.

So I say that with this information in hand there should be more correlation between the activities in connection with this treaty and those of the Minister of Labour, who is charged with the responsibility of trying to find work for these 45,000 people. He should

have made strong representations that the people engaged in the iron and steel industry should not be further handicapped by throwing open our markets by these tariff reductions —small reductions, I will admit, but nevertheless reductions which affect the very labour group which is suffering the most. I say that you want a strong Minister of Labour to administer that department, and I mean every word I say. The men in the industry affected by item 390 would gladly come to Ottawa and sit around a table with the Minister of Labour and with representatives of the Minister of Finance with a view to finding ways and means of expanding work in that particular industry so as to take up the slack.

I do not want to belabour the Minister of Finance; I do not want to worry him in any way whatsoever, and I hope he will not get up to reply to me. I do not feel that he should be charged with the responsibility of putting this treaty through the house in his present state of health. In fact, I stayed away from this treaty for a day or two to restrain myself, just because of the high regard I have for the Minister of Finance. But at the same time I have a duty to discharge, and when I say that the reduction made in items like 390, which is a representative item, will further restrict the possibility of the expansion of employment in the very group that is suffering the most, I say it most sincerely and with knowledge of what I am talking about.

I reiterate what I said in my opening remarks, that this committee is not supplied with the information necessary to enable it to deal intelligently with the items that we are asked to consider. Following the collapse of 1930, we had got back by 1935 some real activity in this line of business, but the action now taken in connection with this particular group of items is just enough to cripple a growing industry in such centres as Hamilton, Belleville and Toronto, and in the outskirts of Vancouver. Anyone in business knows that it takes so very little to switch an order for castings from one firm to another. They have codes and they try to adhere to fixed prices, as is done in other sections of the iron and steel group; although I must say at once to the credit of the Steel Company of Canada and our steel industry generally that they have kept their level of prices in Hamilton, for instance, lower than the level which obtains in Buffalo. They have not, in other words, taken full advantage of the tariff protection they have, with the net result that the minister could put his hand on any one of those seven hundred odd files which he was speaking of with reference to this particular commodity and no doubt find a reference there from some of the larger steel industries to the effect that this trade treaty is not doing them very much harm because they played fair with the Canadian people and kept their price lower than the price which obtains in Buffalo. But now that you have narrowed that spread, you have got them closer to the Buffalo price, and so far as iron and steel products in the big sheets, rolls and bars are concerned, the industry is going to find it more difficult sledding. When you get down to castings such as are covered by item 390, you get down to the smaller industries, foundries and the like, all of which will find the orders they have been accustomed to receiving being bid on by other concerns, and the price cut finer. The net result will be that instead of an expansion of employment in this group where conditions are very serious we are likely to find a retraction of employment.

I will close this phase of my remarks by saying again that the schedules which have been most seriously disturbed are the very ones which affect the group in which we have the most serious situation in Canada as regards unemployment.

The other observation I shall make is this. It is far better, Mr. Chairman, to have a Canadian citizen working in the foundries of Canada or in the iron and steel industry of this country than for hon. members to sit around this house and discuss ways and means of providing unemployment relief for those unfortunate Canadians who find themselves out of work.

Mr. DUNNING: Dealing with one or two points raised by the hon. member for Danforth (Mr. Harris), I think he is under one misapprehension. These items have never been subject to any change in duty since my budget of May, 1930. The previous government made no change at any time in these duties. Any change in the inflow of imports or in home production cannot have been brought about by tariff changes, because there have been none in the intervening years.

Mr. HARRIS: If I may interrupt the minister just at that point, he will have observed that I made no reference to the inflow since 1930 in these three particular items. I will give the figures of imports. In 1930 the dollar value was $189,743; for the year 1938, in the case of item 390, the figures are practically the same, namely $158,-537. I use these three items as an illustration. The minister says there is no change in the rate of duty. As he knows, in 1930 it was 27½ per cent, and it was 25 per cent

in the tariff prior to January 1, 1939. Now, as I understand it, it is 22½ per cent. I make the observation again that the drop of 27½ per cent to 22½ per cent, in common with these others, and the excise tax, and the over-industrialization of the United States, restrict the possibility of expansion in this very necessary industry.

Mr. DUNNING: In any case I understood my hon. friend to say that there had been a duty change. However, that is not particularly relevant. What I did wish to say on the question of employment in this industry is that it should be noted that our exports of commodities covered by item 390 exceed our total imports. From the employment standpoint no very great injury is done to the industry when one contrasts imports with exports. I would also point out that in this whole group of items our home production, according to the latest figures I have available, is about $20,000,000, and the total imports are about $500,000. That would not appear to indicate that Canadian employment is suffering at all severely, particularly when, as I mentioned, there is an export feature in connection with it.

I have gone with some care into iron and steel because it is an old friend of mine. I had to put through in 1930 the revision of the iron and steel schedule; and, while my friends behind me will not take it as much of a compliment, the succeeding government made less changes in that schedule than they did in any other. The reason was, I think, that there is such an inter-relationship from the primary products to the highly finished consumer's article in the iron and steel schedule that it is rather difficult to start anywhere without whatever action you take having an effect all up and down the line. In other words, unless you are prepared to revise the whole schedule with very great care, the iron and steel schedule is a difficult one to touch at merely one or two places.

That is about all I can say. It is true, as my hon. friend has stated, that the iron and steel industry has not indicated to me that they regard themselves as seriously affected by the new treaty. That is undoubtedly due, in part at least, to the fact that the Canadian iron and steel industry have not, generally speaking, taken advantage in their price structure of the tariff protection they have enjoyed. It is rather hard to make a generalization of that kind exactly accurate. It might not apply and in fact does not apply on some items, but I think it is generally true; and it is for that reason, possibly, that they do not regard themselves as seriously affected.

[Mr. Harris.]

Mr. HARRIS: With regard to the question whether they consider themselves seriously affected, the minister will agree with me that as regards the major industry that is quite true. But the minor industries which depend on the large iron and steel industries for their raw material, for instance, those which have to buy their rods and plates and so on for further manufacture, are a group which in my opinion could absorb a great deal more Canadian employment than they do to-day if this had not been changed.

Mr. KINLEY: With regard to 390 and 390a, it will be noted that while the rate of duty against United States imports is 22½ per cent, the British preferential rate is 15 per cent. That is the way it should be; I am not complaining about our giving a prefernce to Great Britain; but that is the protection standard because the British are efficient in the manufacture and exportation of iron castings and if there is any danger of Canadian workmen being put out of jobs, it would not come primarily through the agreement which we are now discussing, but through the preferential tariff.

Mr. DUNNING: The United Kingdom has not been successful, even with that low tariff, in shipping us any considerable quantity. It was only $1,800 worth last year under the first item, $3,600 under the next, and $2,400 under the third. The product is too low in price to stand the expenses of transport, even with the 15 per cent duty.

Mr. KINLEY: The necessity of making a pattern controls the situation to a great degree; and there are usually heavy transportation charges.

Mr. BROWN: I was going to make this observation later on, but it may be appropriate to do so here. Some of the factories which have their parent bodies in the United States take advantage of this tariff in some cases when the duty is reduced to ten per cent on goods which are not made in Canada. These factories have stopped making their goods in Canada and are now making them in the United States, shipping them over under the ten per cent clause applicable to goods not made in Canada.

Mr. DUNNING: I am afraid I cannot get the application to this item of the remarks of my hon. friend.

Mr. BROWN: I am bringing that forward in connection with say, general machinery.

Mr. DUNNING: When we come to the machinery item my hon. friend will have an opportunity of discussing that.

Item agreed to.

Customs tariff—390c. Piston ring castings of steel, in the rough as from the moulds: free.

Mr. LENNARD: I note that the duty has been cut from 25 per cent to free. Do we not manufacture steel piston rings in Canada; and if so, why the change?

Mr. DUNNING: They are not cast in Canada, but rough castings are finished in this country.

Mr. LENNARD: There are none cast in Canada?

Mr. DUNNING: No. We are of opinion that the free entry of the rough castings should aid Canadian manufacturers of piston rings to meet the competition of rings imported in a finished condition. Finished rings for tractors are now imported free of duty as tractor parts. The idea of this item is the possible finishing in Canada of the work on the rough castings.

Item agreed to.

Customs tariff—ex 392. Forged golf club heads of iron or steel, with or without face or similar marking, but not ground, polished, plated or otherwise finished: 10 per cent.

Item agreed to.

Customs tariff—392a. Forgings of iron or steel, in any degree of manufacture, hollow, machined or not, not less than 12 inches in internal diameter; and all other forgings, solid or otherwise, in any degree of manufacture, of a weight of 20 tons or over: 20 per cent.

Item agreed to.

Customs tariff—393. Tires, of steel, in the rough, not drilled or machined in any manner, for railway vehicles, including locomotives and tenders: 7½ per cent.

Item agreed to.

Customs tariff—394. Axles and axle bars, n.o.p., and axle blanks, and parts thereof, of iron or steel:

(a) For railway vehicles, including locomotives and tenders: 25 per cent.
(b) For other vehicles, n.o.p.: 30 per cent.

Item agreed to.

Customs tariff—397. Pipes and tubes, of wrought iron or steel, plain or coated:

(a) Welded or seamless, with plain or processed ends, not more than 10¾ inches in diameter, n.o.p.: 25 per cent.
(d) N.o.p.: 20 per cent.

Item agreed to.

Customs tariff—400. Fittings and couplings of iron or steel, of every description, for iron or steel pipes and tubes; complete parts thereof: 25 per cent.

Item agreed to.

Customs tariff—401. ex (b) Wire, of rust or acid resisting steel, twisted or stranded, for use exclusively in commercial fishing operations: 10 per cent.

Item agreed to.

Customs tariff—402a. Woven or welded wire fencing, of iron or steel, coated or not, n.o.p., wire cloth or wire netting, of iron or steel, coated or not: 30 per cent.

Item agreed to.

Customs tariff—402b. Woven netting, of iron or steel, coated, made from wire of 17 gauge or heavier, with meshes not smaller than one inch and not larger than two inches, with specially strengthened joints, when for use exclusively on fur farms, under regulations prescribed by the minister: 20 per cent.

Item agreed to.

Customs tariff—407a. Chains, of iron or steel, n.o.p., and complete parts thereof: 30 per cent.

Item agreed to.

Customs tariff—408. Malleable sprocket chain and link belting chain of iron or steel, including roller chain of all kinds for operating on steel sprockets or gears, when imported by manufacturers of agricultural implements for use exclusively in the manufacture of agricultural implements, in their own factories, under regulations prescribed by the minister: 5 per cent.

Item agreed to.

Customs tariff—409. Cream separators and complete parts therefor, including steel bowls: 12½ per cent.

Mr. THORSON: In the first place, on behalf of the dairy farmers of Canada I should like to thank the administration very much indeed for the reduction in duty on cream separators which has been made. It has had an immediate beneficial effect in the reductions in price which have taken place. Certain importers of cream separators put price reductions into effect immediately at the beginning of this year. Many were hoping, however, that cream separators would be put on the free list. They were on the free list in 1930 before the previous administration came into office. The record on cream separators is a rather interesting one. In 1932, as hon. members will recall, the tariff was raised to 25 per cent, and in the Ottawa agreement it was specified that this margin of preference should be fixed during the life of the agreement. When the agreement came to be revised, in 1937 I think it was, this fixed margin of preference was eliminated.

It then became possible for the first time to make reductions in the tariff on cream separators. The question was studied by a special committee of this house on agricultural implements, which brought in a unanimous report to the effect that cream separators should be on the free list.

Mr. SENN: Oh no.

Mr. THORSON: Yes.

Mr. SENN: No.

Mr. DUNNING: He is questioning the unanimity of the report.

Mr. THORSON: There was no dissent from the report; the matter was discussed during the session of last year, when an extensive debate on the subject took place. Those of us who are in favour of reduction in the tariff on cream separators—

Mr. MacNICOL: Are against employment in this country.

Mr. THORSON: —regret that they have not been put on the free list, and that greater progress has not been made towards the implementing of this recommendation of the special committee on farm implements. It is our hope however, that in the budget the government will go the whole way and place cream separators on the free list where they belong.

Mr. MacNICOL: I had not intended saying anything on this item, merely because I know the uselessness of discussing it. Now it has been brought up by a western member I will say a word or two. I had hoped that no western member would say anything about this or the following items, for the reason that the two eastern provinces are bled white now assisting relief measures in the west. We are gladly doing it and are trying in every way we can to help the west, but we should like to see some encouragement given by western members to the promotion of some employment in eastern Canada. Every time any member from the western group attacks industry in this country he is attacking employment and to that extent doing something to put more men out of work, and I wish to protest as vigorously as I can against this continuous onslaught of western members upon workers in eastern Canada.

Mr. THORSON: The west has paid tribute to the east long enough.

Mr. MacNICOL: And eastern Canada has been bled long enough. I wish to say something now about cream separators. The Bennett government did put a duty on cream separators and this at once stopped the importation to a large extent, because by the time that government went out the number of cream separators imported had been reduced to 12,148, for the fiscal year ending in 1935; whereas, for the fiscal year ending in 1937, as a result of the 1935 tariff, importations had risen to 20,394.

Mr. DUNNING: Is that numbers or dollars? It cannot be dollars?

Mr. MacNICOL: Not dollars; I said cream separators. In other words, there had been an increase in importations of roughly 8,000 between 1935 and 1937. The effect has been to put many men out of work.

Mr. THORSON: The whole tariff was on during that period.

Mr. MacNICOL: Yes; that is what it was put on for, to give employment. The tariff had been put on by the Bennett government to provide employment.

Mr. ROSS (Moose Jaw): And was still on until the first of January.

Mr. MacNICOL: Yes, and I hope it stays on. Surely, with the return to prosperity, which hon. gentlemen have so often talked about—and we admit that for the first two years of their administration that was true to some extent—there should have been an increase in purchases. But now watch what will happen. The tariff on cream separators is being reduced and it cannot help affecting employment in this industry. Take the index issued by the department itself. On January 31, 1938, the index of employment in the agricultural implement industry was 75·2—I presume they mean as of 1926—and in January of this year it was 59·6. How in the name of common sense are the people in the east going to be able to put up money to rehabilitate the west unless they have an opportunity to make a dollar?

Miss MACPHAIL: You use separators in the east too.

Mr. MacNICOL: This country will be destroyed if every industry is crucified by this continuous onslaught by western members against employment in the east.

Mr. FAIR: I support the contention of the hon. member for Selkirk, and gusts of wind such as we have listened to should be ignored in the house.

Mr. MacNICOL: On a point of order, I want the hon. gentleman to withdraw that word "wind." I have spoken from experience.

I have had a lot to do with labour. If the hon. member had employed a fraction of the people that I have he might talk.

An hon. MEMBER: Withdraw the word "wind" and leave the "gusts."

Mr. MacNICOL: We are fed up with the constant attack from the west.

Mr. FAIR: In answer to statements like those which the hon. gentleman has just made, I would ask where the markets for eastern products are?

Mr. MacNICOL: Mostly in Ontario and Quebec.

Mr. FAIR: Not many days ago I gave some figures, but because at that time I had not sufficient opportunity to make a full presentation of them I shall take occasion at the proper time to return to those figures. I shall be able to show the hon. gentleman then that without the west the east would go begging as the west has done for a number of years by reason of the tariff and other things.

Mr. DUNNING: On a point of order, now that we have had two well balanced presentations, would it not be fair to suggest that we confine ourselves to cream separators?

The CHAIRMAN: The minister's point of order is well taken. I would ask all hon. members to confine themselves to the item, which is cream separators.

Mr. FAIR: I do not think that I strayed very far from the item, but perhaps it does not suit some hon. members to hear these things. The question of cream separators in the west is a vital one, and in the near future it may become of still greater importance to that part of the country, because if we are put out of business in one line we shall have to go into another, and the two central provinces, about which we hear so much, will have a chance to taste some of the conditions we in the west are up against. About two months ago the price of butter fat in the west was down to 16 cents a pound. I wonder what it was in Ontario at that time. I know it was not anywhere near that. The hon. member for Selkirk put up a very strong case for the free importation of cream separators, and I have to support him in that plea. To some hon. members who are supposed to be greatly interested in labour conditions, who make statements such as they made here today, I would suggest that:

A little learning is a dangerous thing;
Drink deep, or taste not the Pierian spring:

Mr. SENN: I would like first to congratulate the hon. member for Selkirk (Mr. Thorson) upon the influence which he has had with his party in having this duty removed. At the same time I must contradict some of the statements which he made. For instance he stated that the report brought down by the committee a year ago, asking for the complete removal of the duty on agricultural implements, was unanimous.

Mr. McINTOSH: On cream separators.

Mr. SENN: Cream separators. I say to him as a member of that committee that I at no time agreed with that suggestion; I voiced my objection while the committee was sitting and while the report was being drafted, and later voiced these same objections in the house. And not only myself but a number of other hon. members did the same, some of whom were sitting on the government benches at the time.

He has stated that this small reduction in duty has been instrumental in bringing down the price of cream separators. I agree with that statement. However I am afraid that the reduction may not be permanent. When the duty on agricultural implements was reduced it had the immediate effect of raising the prices to the farmer.

Mr. DUNNING: That will be the next item.

Mr. SENN: I am just using that as an illustration. My hon. friend made the statement that the importers immediately reduced the price when the reduction in duty became effective. I imagine there was some method in their madness in that respect. I am afraid that if this particular manufacturing industry is driven out of Canada and the dairymen of this country are left in the hands of foreign manufacturers, we may see a very different picture in the near future. It has happened in many instances before, and I am afraid it will happen again. If we are left at the mercy of foreign manufacturers we shall find ourselves in the same position as we have been in regarding agricultural implements. Being a farmer I am of course interested in the price of cream separators, but there is another consideration which with me outweighs the price I have to pay for a cream separator which I may buy perhaps every fifteen or twenty years. There is a home market created by the men employed in this and like industries, which home market I believe is the greatest asset of the Ontario and eastern farmer. Every time we drive an industry out of business by removing the protection it enjoyed, we not only

injure that particular business and deprive men of employment but we are thereby injuring our home market, which is the most important market the farmer has.

Mr. CLARKE (Rosedale): What is the duty on cream separators and their parts entering the United States?

Mr. DUNNING: Up to $50 in value, free; beyond $50 in value, 25 per cent.

Perhaps I might be permitted a word on the employment situation in this connection, to point out that at what appeared to be our maximum year of Canadian production, under the duty of 25 per cent which prevailed up to January 1 last, our maximum production appears to have involved about $791,000 worth of cream separators. I merely give that information in order that we may see matters in their proper perspective. True it is that to an individual who loses his job that is very important to him, but the relationship of a total value of production of $791,000 under the higher tariff conditions which prevailed does not make it appear that cream separators are a tremendously important factor in employment.

Miss MACPHAIL: I am sorry to say that on this occasion I am going to have to part company with the hon. member for Davenport (Mr. MacNicol). I hear a great deal in this house about passing the benefits of protection on to the Canadian working man. If that were done I think we should be willing to pay with a great deal more grace than we do the higher prices caused by the tariff—I am speaking agriculturally. But I do not believe that the tariff protection is passed on to the working men of Canada. By far the greater part is kept by the manufacturer. I know the Conservatives do not agree with me.

Mr. CLARKE (Rosedale): We certainly do not.

Miss MACPHAIL: And some Liberals too, perhaps. But I think there is a good deal of proof of what I say, although I am not giving it at the moment.

With butter prices what they are—they are extremely low; all people handling butter are taking very severe losses this winter—farmers will certainly welcome any lowering in the tariff on cream separators. This is not a matter which affects only western Canada, because the farmers in Ontario and Quebec, and I suppose in the maritimes also, use cream separators, and it matters a great deal to them what the price of the separator is.

Of course it seems to me that this whole discussion of items of a treaty which is already the law is really futile. If the presentation were made before the treaty was written there would be at least some excuse for making it, but there seems not to be much now. We might just as well O.K. it at once, because it is all passed and has become law; we are just talking about it. But I simply wanted to say that the farmers in Ontario need any reduction in price of cream separators that they can get. The present prices of butter do not enable farmers to pay out much money. They have very little purchasing power to buy cream separators or anything else from present butter prices. Therefore I approve the lowering of the tariff; I believe it should result in lowering the price to the farmer. If it does not, there must be some combine or artificial grouping which prevents it.

Item agreed to.

Customs tariff—409b. Cultivators, harrows, seed drills, horse rakes, horse shoes, scufflers, manure spreaders, garden seeders, weeders, and complete parts of all the foregoing: 7½ per cent.

Mr. THOMPSON: What are the imports from the United States under this item? On several of the following items, all practically connected with farm machinery, there is no change from the trade agreement that came into force on January 1, 1936. But farm implements were reduced in 1936 from 25 per cent to 7½ per cent, and immediately that reduction was made, the price of farm machinery increased very materially. There was $30 more on a binder, and similarly with other farm machinery. Not only did we have to pay more for our farm machinery, but, as the hon. member for Davenport (Mr. MacNicol) has said, we lost a great deal of employment in Canada through our manufacturers having to lay off their men. And the imports from the United States have increased. I am very sorry indeed, because in my own riding I have a very large farm implement manufacturing company, the Frost and Wood people of Smiths Falls, and they are vitally affected by this lowering of the tariff; also the farmers of Canada were adversely affected by an increase in the price of their machinery. May we deal with these items one by one? If so, I should like the minister to deal first with item 409b.

Mr. DUNNING: Under item 409b the total imports from the United States were valued at $640,000, and of the same items we exported from Canada about $1,200,000 worth. It may be interesting to note that of these items we exported very considerably from Canada to the United States.

Mr. THOMPSON: What was the United States rate?

Mr. DUNNING: Free. Of these items we exported about $300,000 worth to the United States.

Mr. SENN: I understand the reason these items are put in this schedule is that they are bound now for the period of the agreement; is that correct?

Mr. DUNNING: Bound against increase.

Mr. SENN: But not against reduction?

Mr. DUNNING: That is correct.

Mr. SENN: I noticed one or two items in connection with which already there has been a reduction. I believe they appear farther down on the list.

Mr. DUNNING: Yes.

Mr. SENN: However, the minister has just said we have exported a certain amount of goods included in this particular item.

Mr. DUNNING: Twice as much as we imported.

Mr. SENN: Yes, but it may be fairly well understood that a good deal of the exports, perhaps not of this particular item, but of agricultural implements which go out of Canada, go to foreign countries and not to the United States. Meantime, since the 1935 treaty has been in effect we have increased to a very great extent our imports from the United States on all lines of agricultural implements.

For instance, in 1935 before the former treaty came into effect, we imported about $5,000,000 worth of agricultural implements of all kinds. Immediately the treaty went into effect in 1936 we imported $8,000,000 worth—in fact, nearly $9,000,000 worth. In 1937 we imported $16,000,000 worth and in 1938, $19,000,000 worth. My contention is that if a larger amount of these goods had been manufactured in Canada we certainly would have had increased employment. It is true that during those years our employment figures have increased somewhat in Canada—that is, of the men who were employed in the manufacturing of agricultural implements. But it is also true that in the last three or four years the farmers got to the position where they had to have agricultural implements, and had to buy. Through a great many years they were unable to buy, and their implements were largely worn out. In 1937 and 1938 they were compelled to buy agricultural implements. But it must be noted as well that they have been buying them at higher prices than formerly, because immediately the treaty of 1935 came into effect there was a rise in the price of agricultural implements. That price has been continued right up to the present time.

Had I the time I should have liked to give some of the figures showing increases in prices of agricultural implements. I have taken figures with respect to representative implements, and have secured information with respect to the prices of those implements in 1930, 1935 and 1939. I have found that in 1930 the price of a thirty-tooth rake, with tongue and yoke, was $61; in 1935 the price was down to $58 and in 1939 the list price is $64. I have a whole list of prices of implements with which I could show that immediately after the tariff was put on in 1930 prices were reduced, and that when it was taken off in 1936 they increased. I have figures before me with respect to a four-horse double disc drill. In October 1930 the price was $256; in 1935, it was down to $246, a reduction of $10; despite the fact that the tariff had been raised to 25 per cent. But when the tariff was again reduced to 7½ per cent the price went up again to $263, or an increase of nearly $20.

It seems to me these figures prove conclusively that these reductions in duties have not been of any advantage to the farmer in Canada, that if we had been still manufacturing these articles under the 25 per cent duty the farmers of Canada would not be paying the prices they are now paying, and we would not be importing a large amount of these goods and thereby putting our own people out of employment. I believe it would have been a better situation for the country, all around. I am sorry these items are bound until 1940, because I feel sure that within a very short time another party will be in power which might otherwise have had the opportunity of reducing them.

Mr. GOLDING: If the hon. member for Haldimand has separated the figures with regard to importations of machinery from the United States, would he tell the committee the total amount that came in as tractors, which are not made in Canada at all?

Mr. DUNNING: Perhaps I can answer that. I was going to mention that the rather large figure of $19,000,000 mentioned by the hon. member for Haldimand probably included $12,000,000 worth of tractors.

Mr. SENN: I do not think it was that much, but it was large. I think if the minister will look up the figure he will find it was something like $9,000,000. But even then there is an increase of $10,000,000 over the importations—

Mr. DUNNING: $12,000,000 worth of tractors for the last fiscal year.

Mr. SENN: I have the figures for 1937.

Mr. DUNNING: And another $3,000,000 for parts.

Mr. SENN: Very well. But even then, taking all those figures into consideration, and taking into consideration the fact that the implements belonging to the farmers were largely worn out and they had to buy, if they wished to continue their operations, there is a very large balance, still showing that there was a larger importation than formerly, under the former rates of duty.

Item agreed to.

Customs tariff—409c. Ploughs; farm, field lawn or garden rollers; soil packers; complete parts of all the foregoing: 7½ per cent.

Item agreed to.

Customs tariff—409d. Mowing machines, harvesters, either self-binding or without binders, binding attachments, reapers, harvesters in combination with threshing machine separators including the motive power incorporated therein, and complete parts of all the foregoing: 7½ per cent.

Item agreed to.

Customs tariff—409e.
(i) Spraying and dusting machines and attachments therefor, including hand sprayers; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; animal dehorning instruments; and complete parts of all the foregoing: 5 per cent.
(ii) Fruit and vegetable grading, grating, washing and wiping machines and combination bagging and weighing machines, and complete parts thereof; machines for topping vegetables, and machines for bunching and/or tying cut flowers, vegetables and nursery stock, and complete parts thereof; box-lidding machines, egg-graders and egg-cleaners, and complete parts thereof not including aluminum parts: 5 per cent.

Item agreed to.

Customs tariff—409f. Hay loaders, hay tedders, potato planters, potato diggers, fodder or feed cutters, ensilage cutters, grain crushers and grain or hay grinders for farm purposes only, post hole diggers, snaths, stumping machines and other agricultural implements or agricultural machinery, n.o.p., and complete parts of all the foregoing: 7½ per cent.

Item agreed to.

Customs tariff—409g. Incubators for hatching eggs, brooders for rearing young fowl, and complete parts of all the foregoing: 7½ per cent.

Item agreed to.

Customs tariff—409h. Hay presses and complete parts thereof: 7½ per cent.

Item agreed to.

[Mr. Senn.]

Customs tariff—409i. Scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, pronged forks, rakes, n.o.p.: 7½ per cent.

Item agreed to.

Customs tariff—409j. Fanning mills, peavinners, corn husking machines, threshing machine separators, including weighers, wind stackers, baggers and self-feeders therefor; complete parts of all the foregoing: 7½ per cent.

Item agreed to.

Customs tariff—409k. Windmills and complete parts thereof, not including shafting: 7½ per cent.

Mr. MacNICOL: May I point out briefly that the firms manufacturing windmills have suffered materially as a result of the 1935 trade agreement, which is now bound in the present agreement. I notice that in the calendar year 1935, the last year during which the previous government held office, Canada imported $21,217 worth of windmills. With the cut in the duty, in the calendar year of 1937 Canada imported $54,268 worth of windmills. All I have to say in that regard is that the greater number of windmills imported provided employment in other countries when it reduced employment in this.

Mr. DUNNING: Would my hon. friend please be good enough to explain why it is that when the beneficent government of which he speaks was in office, the Canadian production of windmills in 1934 was worth only $5,000? That is the record I have here, and unless there is some mistake that is the value of the total Canadian production.

Mr. MacNICOL: What is it now?

Mr. DUNNING: The last figure I have is for 1935, when it was valued at $34,000. There is no figure for 1936 because there were fewer than three firms engaged in production, and the bureau of statistics do not issue statistics when there are less than that number.

Mr. MacNICOL: I used to know a number of substantial windmill manufacturers in this country, but I do not know how many there are to-day. Perhaps tariff tinkering up and down the years has crucified most of them.

Mr. McNEVIN: The gas engine and electric motor have replaced a great many windmills.

Mr. THOMPSON: I want to confirm what the last speaker said about the windmill business. You can get a windmill for almost a trifle from the farmers. As my hon. friend said, they are all installing gas engines and hydro power which do the work much more efficiently. The windmill business is on the decline.

Mr. PERLEY: The items from 409b to 409m cover practically all the agricultural implements. I agree with much of what has been said on both sides of the chamber. The hon. member for Haldimand (Mr. Senn) gave certain figures in connection with purchases of implements. As far as the west is concerned, this is an important matter. I believe I placed on *Hansard* this year the value of implements purchased in the western provinces. In 1938 these purchases ran into millions of dollars. I would be ready to support the lowering of these duties if it were going to mean cheaper implements. The minister referred to the benevolent government which was in power from 1930 to 1935.

Mr. DUNNING: The beneficent government.

Mr. PERLEY: The fact is that while duties were increased, prices of implements were lowered. The hon. member for Haldimand gave the particulars. The proof of the pudding is in the eating. When the duty was reduced in 1936, we were met with a major increase in price, and there have been two more increases since. When we were discussing the report presented by the implement committee, I recall that the Minister of Agriculture (Mr. Gardiner) made a bold statement that he would read the riot act to the implement companies, that he would give them warning that if there were not a reduction in price certain things might happen. I should like to know what has happened and if the government is taking any action in connection with the companies that are importing implements.

The CHAIRMAN: I would remind the hon. member for Qu'Appelle (Mr. Perley) that we are dealing with windmills.

Mr. PERLEY: That is practically a farm machine. The same argument would apply to windmills. I should like to know what action the government has taken to see that there shall be a reduction in the price.

Mr. DUNNING: The three per cent special excise comes off by virtue of this treaty.

Mr. PERLEY: Has the government understandings with the companies that are importing implements?

Mr. ROSS (Moose Jaw): Hon. members have stated that during the last regime while the tariff was held up, prices of agricultural implements, including windmills went down. If hon. members will go back to look up the record they will find that prices went down less in connection with those commodities than they did in connection with many others. They certainly did not go down to the same extent in Canada as they did in the United States.

Mr. SENN: Oh.

Mr. ROSS (Moose Jaw): My hon. friend says "oh." This is the first time in the history of these two countries that prices of agricultural implements have been comparable on both sides of the line. There is one reason why there has not been a greater drop in the price of agricultural implements. Everyone knows that because of war conditions which have existed for several years, iron and steel prices have been kept quite high. Prices of United States and Canadian implements are however, closer to-day than they have ever been before. The hon. member for Haldimand does not like the fact that this duty is bound, but that is what I like about it. If we get back to normal in the next two or three years; if prices of iron and steel come down and the nations of the world are not still in an armament race, there is a possibility that prices of agricultural implements in the United States will come down considerably, and prices in Canada will have to come down accordingly. Then the farmer who has to buy implements will get a chance to buy them at a reasonable price.

Mr. ROSS (St. Paul's): May I remind the hon. member who has just spoken that at the time of the reduction in the tariff on agricultural implements the implement manufacturers of Canada were selling implements to the farmer cheaper than the manufacturers of any other country in the world. At the time he speaks of, prices of agricultural implements in the United States were much higher than they are now. At the present time we find that there is a comparable level in prices of implements in Canada and in the United States. At the present time these items are bound. On February 14, 1939, the Prime Minister (Mr. Mackenzie King) made this statement as reported on page 908 of *Hansard*:

> Those agreements are inseparable in the sense that neither could have been effected without the other.

Later on he said, interrupting me in my speech, that all the concessions that were granted were necessary in order to enable the agreement between the United Kingdom and the United States to be concluded. But in respect of those concessions which have been granted to the United States—

Mr. ROSS (Moose Jaw): No, to the Canadian farmer.

Mr. ROSS (St. Paul's): No. These items are bound for three years and therefore they are concessions. The general public believes that all the concessions which Canada granted were granted at the request of Great Britain in order that they might be able to consummate a treaty with the United States. The discussion this afternoon puts that thought out of my mind to a certain extent. It shows me that these concessions and these reductions in duty have been made in order to get us closer to free trade in Canada. I should like to know whether the government of Great Britain asked Canada to have these items bound, or whether it was necessary for us to bind these items and give this concession in order to enable Great Britain and the United States to make these treaties, as the Prime Minister stated to me when he interrupted me in my remarks.

Mr. DUNNING: Mr. Chairman, I do not want to get into a general discussion, but the meaning which my hon. friend attributes to the Prime Minister is, I am quite sure, not the correct one. The Prime Minister, in his remarks to which my hon. friend makes reference, was referring to such reductions as were made in Canadian preferences in the British market.

In answer to my hon. friend's specific question, this item is here because the government considers it good business for Canada to have it here.

Item agreed to.

Customs tariff—409l. Traction ditching machines (not being ploughs) and complete parts thereof: free.

Item agreed to.

Customs tariff—409m. Internal combustion traction engines; traction attachments designed to be combined with automobiles in Canada for use as traction engines; complete parts of all the foregoing: free.

Mr. HARRIS: Would the minister be good enough to give us the imports from the United States?

Mr. DUNNING: Imports in 1938 of traction engines, internal combustion, amounted to $12,056,000. Imports in 1938 of traction attachments designed to be combined with automobiles, amounted to $2,800,000.

Mr. HARRIS: Perhaps the minister will agree with me that imports have increased very considerably from $3,200,000 in 1935 to the figures just given, which are in the neighbourhood of $14,000,000. This is one example where the three per cent excise tax on this volume of business represents to my mind a straight gift to the United States.

Mr. DUNNING: To the Canadian buyer.

Mr. HARRIS: To the Canadian buyer, if you will, perhaps, but I would say to the United States. The minister knows and I know that a United States manufacturer of any commodity, when he is competing with a Canadian manufacturer, will invariably absorb a great deal if not all of the three per cent excise tax. I do not want to get into an argument on that particular point, but I wish to make this general observation, that on this item the loss to the Canadian treasury in actual dollars on excise tax alone is $394,770. Why was it necessary for all these three items—there is a long string of them—to be bound for three years and relieved of the three per cent excise tax when, so far as my research goes, I can find no compensating benefit that we are getting in a lower cost or relief from taxation on our exports to the United States? Inasmuch as imports under this item amount to something like $14,000,000, it would be safe to say that we are losing almost half a million dollars in excise tax. Perhaps the minister can tell us just how much the loss in excise tax will amount to this year compared with last.

Mr. DUNNING: I think I had better defer that until the budget.

Mr. HARRIS: Perhaps the minister would indicate what benefit Canada's treasury is getting. I cannot agree with him that the whole benefit of this half a million dollars goes to the Canadian people.

Mr. NEEDHAM: I take it that this item includes complete parts for tractors and that these parts will come in free. I have a letter here complaining about this very item. It says that the roller and ball bearings are not free; that the customs officials recently showed my correspondent regulations and stopped the free entry of these parts, and that they would not even allow a declaration that the user wanted these parts for a tractor.

Mr. DUNNING: That is a matter of customs administration. Wherever an article is a standard article, such as ball bearings, there is no question that if declarations were accepted that the bearings were for a purpose that would entitle them to duty-free entry, the matter would be rather difficult of administration. My hon. friend the Minister of National Revenue (Mr. Ilsley) can deal

with the question more explicitly, but ball bearings are not necessarily a part of a tractor any more than a part of something else for which they could be used.

Item agreed to.

Customs tariff—410 l. Ore crushers, rock crushers, stamp mills, grinding mills, rock drills, percussion coal cutters, coal augers, rotary coal drills, n.o.p., and complete parts of all the foregoing, for use exclusively in mining metallurgical or quarrying operations: 17½ per cent.

Mr. ROSS (St. Paul's): What are the imports from the United States under this item?

Mr. DUNNING: Imports of ore crushers, rock crushers, stamp mills, n.o.p., from the United States, were $886,900; imports of percussion coal cutters, coal augers, rotary coal drills and parts, from the United States, were $6,400; and imports of rock drills and parts, from the United States, amounted to $594,000.

Mr. ROSS (St. Paul's): Is that the total? I have some figures here which I received from the bureau of statistics with respect to the importation of mining machinery in various years. Last year, imports of dutiable goods amounted to $2,406,000, and $4,304,000, making a total of $6,711,000.

Mr. DUNNING: That covers very many other items.

Mr. ROSS (St. Paul's): Yes, but I will come to the point in a moment. We have in Canada a mining development such as is going on in no other part of the world. We have the natural resources which belong to the people of this country, and it seems to me there should be an opportunity for the Canadian people to enter into the manufacture of the machinery which is necessary to develop our mining resources. What an opportunity there is there! Yet we find this item bound at 17½ per cent for three years. Several mining men have told me that if they could get reasonable protection against dumping they would do something in the line of manufacturing some of this machinery in Canada. I wish to protest against the binding of this item for three years, because it precludes the establishment of an industry in this country for the manufacture of this machinery unless government assistance of some kind is given.

Mr. McNEVIN: In referring to what the hon. member for St. Paul's has just said, I believe that our primary industries like mining and agriculture are entitled to every concession possible in the way of getting their machinery at the lowest possible price. I am in full agreement with the binding of this item.

Mr. MARSHALL: I note that there is a rate of five per cent covering the British preferential tariff. This would lead me to conclude that there must be some imports from the United Kingdom. Would the minister give the figures, say for a three year period, covering importations from the United Kingdom?

Mr. DUNNING: I shall have to give these in three sections, because there are three different items included in the one.

Ore crushers, rock crushers, stamp mills, grinding mills, and parts, from the United Kingdom: 1936, $154,000; 1937, $155,000; 1938, $144,000.

Percussion coal cutters, coal augers, rotary coal drills, from the United Kingdom: 1936, $4,500; 1937, $5,100; 1938, $8,900.

Rock drills and parts, from the United Kingdom: 1936, $162,000; 1937, $162,000; 1938, $154,000.

Item agreed to.

Customs tariff—411a. Machinery, logging cars, cranes, blocks and tackle, wire rope, but not including wire rope to be used for guy ropes or in braking logs going down grade, and complete parts of all the foregoing, for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump, or common or other carrier: 15 per cent.

Item agreed to.

Customs tariff—412a. Machinery and apparatus, n.o.p., viz: Gun and mould apparatus for making press rollers; machines and apparatus for making electrotypes and stereotypes; engraving machines and apparatus, including photo-engraving apparatus, and other plate-making apparatus, used in the manufacture of printing plates of all kinds; machines and apparatus for graining metal plates; machines and apparatus for sensitizing, grinding or polishing metal plates; machines and apparatus including cameras and camera equipment, lens, prisms, camera and printing lamps, screens, and vacuum frames for transferring by photographic processes, or direct, to plates or rolls for use in lithography, rotogravure and printing; shading apparatus; machines and apparatus for addressing and/or wrapping newspapers, magazines, periodicals, pamphlets and catalogues; machines and apparatus for embossing or stamping or producing embossed or engraved effects, bookbinding, looping, stitching, sewing, gathering, inserting, bronzing, dusting, creasing, scoring, cutting, perforating, drilling, punching, slitting, re-winding, glueing, pasting, gumming, waxing, varnishing, carbon coating, patching, numbering, ruling, jogging, sheet piling, tying, bundling, tube-making, metal mounting, eye-letting, staying or stripping, reinforcing and box-covering; complete parts, not to include saws, knives and motive power; all the foregoing when for use exclusively by,

and in their capacities as printers, lithographers, bookbinders, manufacturers of stereotypes, electrotypes and printing plates or rolls, paper converters, or by manufacturers of articles made from paper or cardboard: free.

Mr. MARSHALL: What is meant by the figures under the "rate on United States goods prior to 1935 agreement"; "ten per cent" and "thirty-five per cent" are bracketed together.

Mr. DUNNING: My hon. friend will notice that a great number of articles are embraced in this item. In 1935 the tariff item as it now stands was put together. Prior to that time some of the articles now included in it were at different rates, so we show both rates in order to give correct information.

Item agreed to.

Customs tariff—412b. Flat bed cylinder printing presses, to print sheets of a size 25 by 38 inches or larger, and complete parts thereof; machines designed to fold or sheet-feed paper or cardboard, and complete parts thereof: 10 per cent.

Item agreed to.

Customs tariff—412c. Typecasting and typesetting machines and parts thereof for use in printing offices: free.

Item agreed to.

Customs tariff—412d. Offset presses; lithographic presses; printing presses and typemaking accessories therefor, n.o.p.; complete parts of the foregoing, not to include saws, knives and motive power: 10 per cent.

Item agreed to.

Customs tariff—413. Machinery and apparatus, of a class or kind not made in Canada, and parts thereof, specially constructed for preparing, manufacturing, testing or finishing yarns, cordage, and fabrics made from textile fibres or from paper, imported for use exclusively by manufacturers and scholastic or charitable institutions in such processes only: 5 per cent.

Item agreed to.

Customs tariff—414. Typewriters and complete parts thereof: 20 per cent.

Item agreed to.

Customs tariff—414a. Dictating, transcribing and cylinder shaving machines and complete parts thereof, including cylinders and unfinished wax blanks: 12½ per cent.

Item agreed to.

Customs tariff—414c.
(i) Bookkeeping, calculating and invoicing machines and complete parts thereof, n.o.p: 12½ per cent.
(ii) Adding machines and complete parts thereof: 20 per cent.

Item agreed to.

[Mr. Dunning.]

Customs tariff—415. Electric vacuum cleaners and attachments therefor: hand vacuum cleaners; and complete parts of all the foregoing, including suction hose, n.o.p.: 20 per cent.

Mr. ESLING: With reference to this item—and the same thing would apply also to many other items of electrical equipment—has any thought been given to the patent phase? When the Canadian people are invited to import this electrical apparatus, the Patent Act interferes, it seems to me, to some extent, because the importation of an article which is made in the United States, and on which a patent is registered in Canada is, it has been shown, an infringement of the Patent Act, and this applies to all articles of electrical equipment as it does to radios. People are invited to import at reduced duties, and at the same time such importers may be subject to action for infringement of patents. It is impossible to get away from that if there are patents registered in Canada on articles of machinery or electrical equipment manufactured in the United States.

Mr. DUNNING: I am advised that the patent difficulty does not arise in connection with this class of electrical equipment. That is, there is a sufficient variety available to prevent any possibility of abuse in that direction. My hon. friend of course has reference particularly to radios and radio tubes. There is difficulty in that connection. As the committee knows, the matter of radio and radio tubes is before the tariff board for inquiry with particular reference to the relationship of the patent situation to the difficulty which exists in Canada. I am sorry I cannot say anything more definite than that in reply to my hon. friend. He is, I am sure more aware than most members of the committee of the very great difficulty which surrounds this patent relationship to the tariff question. It is constantly being studied.

Mr. ESLING: I did refer to the radio patents in so far as matters of infringement are concerned; but where there is a patent the same principle applies to any piece of machinery or to any article which is patented in Canada and made in the United States, unless there be some special arrangement as between the Canadian importer and the manufacturer in the United States who holds that patent. My point is, by inviting the Canadian public to import these patented articles, is the government not at the same time inviting an action for infringement?

Mr. DUNNING: I am afraid I cannot answer that, except to say that in the case of the item before us the fact that there were some $800,000 worth of imports would

make it appear that the patent difficulty does not materially affect the situation. I spoke of radio tubes merely as an illustration of an extreme situation along the lines that my hon. friend is referring to, not meaning to say that it was an isolated case, although I believe there are very few cases where the alleged abuse occurs to the degree to which it has been alleged to occur in connection with radio tubes. It is not a matter on which I can speak positively at the present time.

Mr. STEVENS: I should like to support the view expressed by the hon. member for Kootenay West. It is a principle which I think we in this country have to face. I had the matter up four years ago. In 1935 there was quite a discussion on it. At that time I think there were some amendments to the act. The matter has arisen on several occasions since. Unfortunately, when one mentions this subject, the tendency is for certain of our larger institutions, with which as institutions I have no quarrel, rather to take the attitude that you are attacking them. That is not the point at all. The real point is that there seems to be a confusion of the rights of the owner of a patent and the right of an individual to import.

I will illustrate the matter in this way. An article is patented; it is registered under the patent acts of the United States, Canada and other countries, under the general international arrangement. The royalty to the maker of the patented article is paid wherever the article is made. No one disputes that. I do not, and I do not think anyone does. But my point is that once the royalty is properly paid, whether in Canada, in Belgium, in Great Britain or in the United States, that is the sole right that the owner of the patent should be permitted to claim. In practice, however, this is what occurs. Usually the original inventor sells to some corporation, but we will stick to the simple illustration, taking the original inventor. He may sell his right to A in the United States, B in Canada and C in Great Britain. He sells the right to the royalty plus the right to manufacture. Then A, B and C argue that, having bought the right for the respective countries in which they operate, no one else has the right to sell the article in that market, even though he buys it in a market where the royalty has already been paid. That is an absolutely wrong principle, because obviously it means that one can impose a tariff, which might be 100 per cent or 500 per cent—that is, what is in effect a tariff—

Mr. DUNNING: Far more than a tariff.

Mr. STEVENS: It is not a tariff but the equivalent of a tariff. The article may be free, and—

Mr. DUNNING: The price differential may be 100 per cent.

Mr. STEVENS: Yes. As a matter of fact, I illustrated it on a previous occasion with electric light bulbs, and as the hon. member for Kootenay West says, the same thing applies to a great many other articles.

One reason why nothing much is heard about the matter is that a great many of these articles are manufactured by concerns in the United States who establish agencies in Canada, and they control the outlet in Canada, so that the point does not arise. But the purchaser is paying the shot, nevertheless.

Mr. DUNNING: Would my hon. friend be good enough to develop the international patent agreement side of the question?

Mr. STEVENS: I must confess I am not quite competent to do that, because it is a matter for a legal mind rather than mine, but I will say this. The claim is made that where, in Canada for instance, a man secures the right to make and sell an article, that right to sell is inherent in the patent. My argument is that it is not. I believe there was a case before the exchequer court of Canada, and although I am not quite certain of this statement, I believe that court handed down a decision that the right was inherent in the patent by virtue of the statute as it stands.

My argument in 1935 was that we should so amend the patent law that while we absolutely preserved the protection to the inventor, we should not allow the right of control of sale to be attached to the patent, provided that the article that is imported has paid the royalty in the country from which it is imported.

Mr. DUNNING: What bearing has the international agreement on that question? I am not familiar with it myself.

Mr. STEVENS: I have not looked the matter up. It is a complicated question and it is a little difficult for me to explain it from memory. Speaking subject to correction by some of the lawyers present, I understand that the international agreement does not interfere with the right of any country to make its own patent laws. There is nothing to prevent the parliament of Canada from amending, in any way it likes, its statutes controlling patents, provided that we do observe the registration of the invention under our law, just as any other country observes the registration of inventions at home under

their own laws. I am advised that there is nothing to prevent Canada or the United States or Germany or any other country from passing its own statutes controlling patents, in so far as the points I have mentioned are concerned, where sale and royalty are involved. For instance, we in our patent law declare that after a given number of years, if the invention is not used, the commissioner of patents may declare the patent open. That is a power which we reserve to ourselves. We fix a certain number of years and some other country may have a different period. I submit that there is nothing inherent in an invention that prevents Canada from passing its own statutory controlling law, although, as I say, I speak subject to correction.

Mr. DUNNING: My question was whether there was anything in the international agreement?

Mr. STEVENS: I think not.

Mr. DUNNING: It is an interesting point. Of course, it is not in my department.

Mr. STEVENS: I agree with the minister to this extent, that so long as our law stands as it is, the international agreement precludes our acting in this matter. But my argument in 1935 was, as it is to-day, that we should review the whole situation with a view to modifying our law in order to rectify the matter.

Before I left the department as its minister, I suggested that we should have the national research council make a complete survey, judicial if you like, of the patents held in Canada to-day. A great many patents are held that are not used, but the public do not know this. After all, the most sacred right is the preservation to the inventor of the benefits of his patent; that is the one underlying principle. But the public are entitled to have these inventions used; and if they are not used by the holder of the patent, then, under our law, if the fact is drawn to the attention of the commissioner, the patent may be declared open. Therefore there should be a careful examination by an expert body, and I believe that the national research council is the proper body. A survey would take a long time, but it should be made.

Let me add this—because I am treading on rather delicate ground. I am not for a moment advocating anything that would in any way impinge upon the right of the owner of the patent with respect to his royalty. I do not wish to call in question unduly the corporations concerned, but in so far as there is a clash between their right, so-called, and the public interest, an effort should be made to balance them.

The hon. member for Kootenay West, as we all know, has made a close study of these matters, and in bringing them up to-day I think he has done a good service. I am not at all critical of the government, because I know the difficulty and the complexity of the matter, but we should look very carefully into this phase of it.

Mr. ROSS (St. Paul's): What number of refrigerators were imported under that item?

Mr. DUNNING: Imports from the United States of electrical refrigerators last year amounted to $950,000; of other refrigerators, $245,000. The number imported from the United States was: electrical, 14,894; others, 4,049. We exported a total of 7,000 refrigerators, the biggest customer being Australia, with the United Kingdom second.

Mr. ROSS (St. Paul's): The reduction of five per cent in duty and the three per cent excise tax amounts to eight per cent. In 1935 we imported 2,230 refrigerators; now the figure has gone up to over 15,000.

Mr. DUNNING: There is surely something wrong with that figure. I have the figures for the fiscal year 1936 here, and we imported in that year some 5,000.

Mr. ROSS (St. Paul's): There are some fine industries manufacturing refrigerators; they are both manufacturers and importers. This reduction in duty is not, I think, going to hurt the industries themselves, because they will simply import more parts or more refrigerators; they are agents as well. What I am worried about is that this reduction is going to throw a number of men out of employment. I do not suppose there is anything we can do about the matter, but I point out that there will be a reduction in employment in that industry.

Mr. McNEVIN: With the extension of hydro in rural Ontario, there is a great need for equipment of this kind. To my mind, if the duty were reduced another five per cent it would still be sufficiently high. Very many homes where electricity has been installed have not yet been able to purchase a refrigerator, and I consider that the needs of the consumer should be given consideration.

Mr. WERMENLINGER: I have information from some manufacturers in Canada of refrigerator parts such as shelves; they say that the reduction in the duty plus the elimination of the excise tax will oblige them to bring down their prices, and they can do that

only either by cheapening the production or by doing away with labour. So I am pleased to support what the hon. member for St. Paul's has said.

Mr. HARRIS: I have the figure of imports of electrical refrigerators. For the calendar year 1935, it was $189,000. For the year 1937, on account of the reduction under the 1935 trade pact, imports rose to $893,000. In other words, the amount of imports was multiplied five times. I am in accord with the hon. member for Victoria, Ontario (Mr. McNevin). I think he will agree with me that he does not want this industry wiped out entirely; his friends in Peterborough particularly would like to manufacture some of these refrigerators. The speed with which the agreement of 1935 cut into that industry will now be accelerated under this new agreement.

Mr. DUNNING: In reply I might say that our exports have gone up in a similar ratio—

Mr. HARRIS: Not to the United States.

Mr. DUNNING: Our total production has shown a steady increase. Frankly, I expect that on an item which is becoming so important a consumers' item as refrigerators, when you have a duty of twenty-five per cent, we are going to have demands for its reduction rather than increase.

Mr. MacINNIS: I wish to support the hon. member for Victoria, Ontario, on this item. People are just beginning to realize the value of refrigeration in the home, and we should make it as easy as possible for farmers particularly and people living in the country to get this equipment; they have more need for home refrigeration than people living in the city. When the industry is on an export basis; it is an indication that the tariff is high enough. There is a case here for a reduction from the twenty-five per cent provided in the agreement.

Mr. CHURCH: This particular industry has had a very rapid expansion in the last few years. For many years it was a struggling industry; it has led to the use of a great deal of hydro-electric power. The protection formerly afforded up to 1935 was forty per cent; then by the treaty of 1935 it was reduced to thirty per cent, and is now further reduced to twenty-five per cent.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

SECOND READING

Bill No. 43, for the relief of Stefano Guilio Luciano Roncari.—Mr. Walsh.

PRISONS AND REFORMATORIES

PROPOSED SUBSTITUTION OF DETERMINATE FOR INDETERMINATE REFORMATORY SENTENCES

Mr. T. L. CHURCH (Broadview) moved the second reading of Bill No. 12, to amend the Prisons and Reformatories Act.

He said: Mr. Speaker, the object of the proposed bill is to amend the Prisons and Reformatories Act. This Bill No. 12 is described as "An Act to amend the Prisons and Reformatories Act," and starts out in this way:

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada enacts as follows.

And then follows section 1 of the bill headed "determinate sentences only." It substitutes the old law of the determinate sentence for the indeterminate sentence.

Since the British North America Act and confederation provincial courts have imposed imprisonment for one year and three hundred and sixty-four days. For a great many years that was the law, until the passing of the indeterminate clauses.

The Prisons and Reformatories Act gave the courts jurisdiction to impose an indeterminate term in a reformatory. The bill proposes to substitute a determinate for an indeterminate sentence. The several expressions relating to "indeterminate sentences" are found in eighteen sections or subsections of the act, and the draftsman considers it inexpedient to amend each of such sections by a separate clause. This bill would revert to the old law of sentences for a definite period only. The indeterminate legislation has been condemned by many judges and magistrates as inhuman and illegal.

Canada's prisons at present are filled with youth, many first offenders, who have been unable to secure work. The lack of employment for youth and of a proper national apprenticeship system, by cause and effect is one of the main reasons for crime. Recently the appellate division of the supreme court of Ontario questioned the legality of such legislation, because the provinces had the right of providing confinement for only one year and three hundred and sixty-four days, and also condemned the legislation on grounds

of public policy. The law has not acted as a deterrent, nor is it reformative. It should be repealed, because in practice it confers on officials of these institutions the right to detain those who have not influence enough to have employment awaiting them at the end of a definite period, and gives to their decisions the force of statute law.

The effect of these clauses respecting indeterminate sentences is to remove a certain amount of jurisdiction from the courts and to place it in the hands of officials of these institutions, and the parole board. Following judgment in a case Mr. Justice Middleton made some comments, and the attorney general's department circularized the county judges and magistrates advising them to retain a reasonable relationship between determinate and indeterminate sentences.

The royal commission concluded that with the probation system and a central board to administer the ticket-of-leave regulations, the statutory provision for indeterminate sentences might be repealed. On more than one occasion the attorney general for Ontario has intimated his desire to see justice done. May I say that the particular judgment to which I referred is Rex v. Bond, as delivered by the court of appeal. In giving judgment on April 16, 1937, as reported in the Ontario Reports, Mr. Justice Middleton said that the accused was charged with two offences, and pleaded guilty. On each charge the magistrate sentenced him to two years less one day, and an indeterminate term thereafter not to exceed two years, less one day.

Out of the Rex v. Bond judgment I did, when introducing the bill, quote three or four paragraphs. Judge Middleton said that the criminal code, Revised Statutes of Canada, 1927, chapter 36, defines various crimes and, speaking generally, fixes the maximum punishment that may be awarded, but makes, except in a few instances, no provision for the minimum. He said:

In 1916, parliament determined to adopt, so far as the province of Ontario is concerned, the system of indeterminate sentences, and, instead of making an amendment to the code dealing with the matter, passed a statute which is snugly tucked away in the dusty recesses of the Prisons and Reformatories Act, Revised Statutes of Canada, 1927, chapter 163, section 46. This section provides "Every court in the province of Ontario, before which any person is convicted for an offence against the laws of Canada, punishable by imprisonment in the common gaol for a term of three months, or for a longer time, may sentence such person to imprisonment for a term of not less than three months and for an indeterminate period thereafter of not more than two years less one day in the Ontario reformatory instead of the common gaol."

This section, it will be observed, is a departure from the fundamental idea that reformatories were for prisoners to be incarcerated for a period of less than two years.

As complementary to this section there is a provision found in section 43 of the same act:

"The lieutenant-governor of the province of Ontario may appoint a board of parole for the said province whose duty it shall be to inquire from time to time into the cases of prisoners sentenced to the Ontario reformatory. . . . And where as a result of such inquiry the board thinks proper it may permit prisoners serving indeterminate sentences to be paroled under conditions approved of by the Minister of Justice and when the terms on which such prisoners have been paroled have been complied with, the board may recommend for the consideration of the Minister of Justice the final discharge of such prisoners."

When I was speaking on Saturday last to one of the ablest crown attorneys, he told me that a great many magistrates in the province do not thoroughly understand the indeterminate sentence. He believes the judgment to which I have referred has a great deal of merit in it. I shall read two further clauses in which the learned judge said:

Many judges and magistrates when imposing an indeterminate sentence address the prisoner somewhat in these terms. . . . "If during this determinate term you prove yourself to be a good prisoner, and comply with the rules of the institution and show a disposition to be law-abiding, the parole board may, at the expiry of the definite term, allow you your liberty. It all depends upon yourself and your conduct as to how much, if any, of the indefinite term you may be called upon to serve."

Thus encouraged, the prisoner proves to be a model prisoner. He gives every indication of his reformation, and is taken at the expiry of the definite term before the board. He is hopeful of liberty and full of good resolutions, and the board announces that by reason of an earlier conviction, a fact well known to the judge who imposed the sentence, they will not allow him parole, and he must serve the indefinite term. I can imagine no situation more cruel and more likely to convert a man really desiring to reform into an enemy of society.

Indeterminate sentences had their origin in Michigan, and have been adopted in many places. Fundamentally reformatories are for up to one year and three hundred and sixty-four days definite, and by being indeterminate are made four years. The legality of the whole thing is questioned and the court of appeal makes criticisms on its usefulness.

I believe that in these days, when institutions are filled with so many young people, we must take special consideration of the circumstances. We should have law reform all along the line and a Borstal system. I have before me from the bureau of statistics some figures on criminal statistics in Canada. They are issued under the authority of the Minister of Trade and Commerce (Mr. Euler). There is reference to the great increase in crime by young people since the depression

began, and it mentions the increased numbers of youthful offenders in all the courts. It also refers to causes and effects. I shall not go into the blue-book tables in detail, because that course, although the figures are most relevant, may not be advisable here on account of time. I may point out briefly, however, that the high prison population is to a large extent the result of unemployment of first offenders, lack of law reform and the sending of too many youths to gaol by magistrates.

Two such youths may get into trouble and appear before the magistrate. The magistrate may fine each ten dollars and costs. One boy's father can pay; but the other boy cannot pay, and as a result there is imprisonment for debt and no way to pay the fine by instalments as I suggested in 1937. That takes place under the system of determinate and indeterminate sentences. Imprisonment for debt was supposed to have been abolished in England in 1864. It is still in vogue in Canada.

I did introduce an amendment in 1937 on behalf of those youthful offenders. My amendment was fashioned after the law in England, known as the Money Payments Procedure Act, 1935, 25 and 26 George V, chapter 46. This was modern, useful legislation, adapted to Canada, and closed many prisons in England, but the minister did not see fit to adopt it, probably on account of his belief that there would be conflict in jurisdiction between the dominion and the provinces, because we are away behind in law reform.

The annual report of the inspector of prisons of the province of Ontario agrees with the federal report in regard to the large number of these youthful offenders. I received many letters from people who have suffered because of the indeterminate and inhuman provisions of this act. One is from an offender whose name I shall not give, but whose number is 21570 at the industrial farm. He says:

> Theoretically all men who receive an indefinite sentence have an equal chance of being paroled for the indefinite period of their sentence but in practice this does not seem to work out, seventy-five per cent of those who have indefinite sentences are obliged to serve both the definite and indefinite terms.

The second man, who was sentenced by Magistrate Jones at Toronto, says that he appeared before the parole board, but they refused to take any action. Parliament has turned over to this board many of its powers and prerogatives. This was never the intention of the fathers of confederation.

I should like to quote from a letter which I received from the attorney general of Manitoba, Hon. W. J. Major, re this bill of mine. Under date of February 6, 1939, he says:

> I find, however, that you and I have approached the problem from different angles. Your quarrel appears to be with the indeterminate sentence; mine is with the determinate sentence. I have taken the position, and so expressed my views in my brief to the penitentiaries commission (copy of which I enclose) that the most reasonably effective method in dealing with the reformation of juvenile delinquents is to permit the imposition of a modified indeterminate sentence with a maximum of three years, and to omit entirely all reference to determinate sentence.
>
> I think after consideration you will conclude that the reason is obvious. When a juvenile is faced with a determinate sentence of two years to be subsequently followed with an indeterminate term the efforts toward reformation will not begin for some period after his incarceration, if at all. He realizes that he must serve two years, with the prospect of further detention.

He argues in favour of the indeterminate sentence, but I think it would be a hardship and inhuman and not in the public interest to put anyone into an institution under such a sentence system. It would not be in the interests of public safety, nor would it be in the interests of the public generally, or of law reform. It would require more prisons than ever, while in England they have closed up half their prisons because of the liberal interpretation they have given to the law, by wise and humane reforms, and by the institution of a national apprenticeship system and national service for youth.

I could read from other letters which I have received, but I do not think I shall say anything more this evening. However, there is one point I should like to bring up. There should also be much greater care taken in the appointment of judges and magistrates. You cannot learn to be a police magistrate in a day. Colonel Denison was a great and humane police magistrate in Toronto for thirty-eight years, and he introduced many wise and modern reforms. He did not have any assistance of outside commissions and new duplicate courts in carrying out the duties of his court. When a family or the husband and wife came to him in trouble, he would advise the wife to go home and cook her husband some good meals, and not both to get cross at the same time. He gave good advice to many youthful offenders. He was always very careful as to whom he sent to prison, not as is the case now in dealing with first offenders in trouble from distress and lack of work.

To-day a man is sent to prison simply because he has no money. One boy comes up before a court, and because he is well off

he is able to pay the ten dollars he is fined. Another boy is too poor to raise the fine and he goes to gaol. There should be more care taken in making these judicial appointments and in deciding who is to be sent to these institutions. We are twenty-five years behind England in these law reforms, as the prison reports of England show. I do hope there will be a study made of this particular system. The leader of the Cooperative Commonwealth Federation (Mr. Woodsworth) has taken an interest in this work in Winnipeg. I do not think it would be in the interests of justice to have indeterminate sentences instead of determinate. A man would not know when he was going to get out. Perhaps that would be all right if the officials in these institutions were properly trained. Notwithstanding what the Minister of Labour (Mr. Rogers) said the other evening, there are hundreds of these young people riding the rods. They get into trouble, and they receive determinate plus indeterminate sentences.

I am sorry that I have not been able to find a long letter which I received some years ago from the late Chief Justice R. M. Meredith at the time when the indeterminate sentence legislation had been in force for years. It was either shortly before or shortly after he retired that he wrote me this long letter in which he gave his views of the indeterminate sentence. He contended that such sentences were illegal under the British North America Act and under the code and against public policy. He was very much against them. He was out on circuit for thirty-eight years, and I believe he tried more cases than probably any other judge we ever had in the province in the supreme court. He was strongly opposed to the principle of indeterminate sentences as inhuman and unreformative. This principle has also been condemned by the court of appeal, as I have already shown.

In these days when so many young people are getting into trouble, instead of bringing about reforms and providing education we are doing the exact opposite. The result is that many men are sent to these institutions for committing the most trivial offences. There is an injustice on the families as well. I should like to quote from a report as to the number of inmates in the Toronto gaol. I did not note in the press report the date. I lost it. Governor Denning reports to the city hall:

> There were 295 inmates in the gaol last night, nearly an all-time record. Out of this total 275 were men and 20 women. All cells were occupied. Cots had to be placed in the corridors. The normal limit at the gaol is 230; that is what the gaol can accommodate. After that it is up to the governor and his staff to figure out how to "bed down" the prisoners and look after the discipline.

[Mr. Church.]

Those may not be the exact figures for to-day, and this condition may not apply all over the province. The commission which recently sat found many of our provincial institutions had been built before confederation and against all the known laws of hygiene. I think we should follow the example of England where they have closed up half the prisons, and have some modern prison reform.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, the express object of this bill is to eliminate the power to impose indeterminate sentences in Ontario under the Prisons and Reformatories Act. Section 46 of that act authorizes the courts of Ontario to impose upon any person convicted for an offence punishable by imprisonment in the common gaol a term of three months' determinate and an indeterminate period thereafter of not more than two years less one day in the Ontario reformatory instead of the common gaol. Under section 43 of the act the Ontario board of parole is instituted whose duty is to inquire into the cases of prisoners sentenced to certain institutions. After such inquiry the board may permit certain prisoners serving indeterminate sentences to be paroled under conditions approved by the Minister of Justice.

The section continues:

> . . . and when the terms on which such prisoners have been paroled have been complied with, the board may recommend for the consideration of the Minister of Justice the final discharge of such prisoners.

The question of the indeterminate sentence was studied by the royal commission appointed to investigate penitentiaries and to study penal reform in general, and in their report they devote a few pages to this question. They mention that there have been some difficulties in Ontario because of a certain conflict between some of the magistrates and the board of parole, which led to the decision in the appeal court to which my hon. friend has referred. That decision is also mentioned in the report of the royal commission. I think for the better understanding of this question I might be permitted to read just a few sentences from that part of their report which the commissioners devote to this question. After commenting upon that decision of the appeal court they say, at page 247:

> Your commissioners are of the opinion that if indeterminate sentences are to be continued in the province of Ontario there should not be such conflict between the board of parole and the judges and magistrates in the province. It is clear that judges and magistrates should not sentence prisoners to the Ontario refor-

matory for indeterminate periods when, having regard to the prisoner's previous record and his opportunities for reform, it is clear that he is not likely to be a good subject for parole at the end of the determinate period. As has been pointed out, the success of a prisoner on parole does not depend on his behaviour in prison, but on his will and determination to conform to the laws of the country and the conventions of society and on the likelihood of his carrying out that determination under proper supervision.

The efforts of the authorities who are in charge of the reformatories in Ontario are greatly handicapped by the practice of sentencing incorrigible criminals to the reformatories, by means of imposing indeterminate sentences, for longer periods than would otherwise be justifiable under the act. Mr. Neelands drew the attention of your commission to one case in which a prisoner was sentenced to the reformatory for terms of two years less one day determinate plus two years less a day indeterminate on each of two charges which were to run consecutively, with the result that the prisoner was required to serve a term in the reformatory of eight years less four days. Your commissioners are of the opinion that this was not the intention of parliament when the legislation was enacted.

Following the judgment of the court of appeal in May, 1937, Mr. I. A. Humphries, K.C., the deputy attorney general for the province of Ontario, sent out a circular letter to all magistrates and county judges, enclosing a copy of the "Reasons for Judgment" of the court of appeal, and adding certain observations thereon. These observations may be summarized as follows:

1. The period of the indeterminate sentence should bear some relation to the period of the determinate sentence. For instance, a definite sentence of three months should not be followed by an indeterminate sentence of two years less a day;

2. Consecutive indeterminate sentences should not be given;

3. In no case should the court state to the prisoner what the action of the board of parole may be, or the considerations which may impel the board of parole to release the prisoner.

It appears that this letter has had some effect in correcting the situation that had previously existed in respect to indeterminate sentences.

Your commissioners are of the opinion that, if the recommendations of this commission are adopted in respect to the establishment of an adult probation system, and a central parole board is established to administer the Ticket-of-Leave Act, with adequate investigation and supervision in the provinces and an adequate system for the treatment of young offenders in the prisons, the present statutory provision for indeterminate sentences in Ontario might be repealed.

So this recommendation is subject to certain other improvements that would first have to be made before we would do away with the system which has prevailed in Ontario for such a long time. The commission which will be appointed will have to study the various aspects of this question, and until this is done I would not favour any amendment to the Prisons and Reformatories Act so far as the indeterminate sentence is concerned.

I may say, and my hon. friend has shown it himself, that opinion is far from being unanimous on this question. As a matter of fact, at the time my hon. friend was introducing his bill to do away with indeterminate sentences, the attorney general of Manitoba was asking the Department of Justice to change the criminal code so as to do away with determinate sentences. As my hon. friend said, he and the attorney general of Manitoba are perhaps trying to reach the same goal, but they view it from a different angle. He wants to abolish the indeterminate sentence, and Mr. Major wants to abolish the determinate sentence. I have here the letter of the attorney general of Manitoba, but I suppose it is not necessary to read it and put it on *Hansard*. Indeed, he rather asks my hon. friend to change his bill altogether and substitute the abolition of determinate sentences rather than the indeterminate.

With respect to the wording of the bill, I do not think it would accomplish satisfactorily the object which my hon. friend seeks to accomplish. For instance, his bill merely says that whenever the expression, "an indeterminate sentence" or "an indeterminate period" is found in any one of the sections which he mentions in his bill it should be replaced by the expression "determinate term." So, under section 43, which gives to the parole board of Ontario certain powers with respect to indeterminate sentences, if you changed indeterminate to determinate sentences, you would be clothing the parole board of Ontario with powers which are really under the Minister of Justice with regard to remission or mercy in all cases of determinate sentences.

For these reasons I believe this bill cannot be adopted at this time more particularly, and even if it had more merits than I am able to find in it, I would say that it is premature and my hon. friend should wait until such changes as are suggested by the royal commission can be studied.

Mr. CHURCH: Might I ask that the attorneys general give the matter consideration when the general bill is coming up? As I see it, there is nothing premature about it. Similar legislation is being considered in England and very largely adopted. So much depends upon the attorneys general of the provinces because, after all is said, it seems to me that the federal power has been very largely delegated to the capitals of the provinces and that it is at its lowest ebb since confederation. This parliament has control, not the attorneys general of the provinces.

Mr. SPEAKER: Order. I draw to the attention of the hon. member that if he speaks now he closes the debate.

Mr. LAPOINTE (Quebec East): I am pleased to tell my hon. friend that whole question, which is intimately linked with the question of parole, will be considered and studied in relation to this particular aspect of it. My hon. friend may be assured that all his suggestions and arguments will be carefully considered.

Bill withdrawn.

CRIMINAL CODE

PROVISION AGAINST REFUSAL TO EMPLOY OR DISMISSAL FOR MEMBERSHIP IN TRADE UNIONS

The house resumed, from Friday, February 17, consideration of the motion of Mr. J. S. Woodsworth (Winnipeg North Centre) for the second reading of Bill No. 5, to amend the criminal code.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, when the debate on the second reading of this bill was adjourned, I was attempting to show the necessity of the federal enactment which is now proposed by the hon. member for Winnipeg North Centre (Mr. Woodsworth). I was also pointing out how powerful corporations may defeat the rights of workers to organize and bargain collectively, and was using as an illustration the experience of the strike at Blubber Bay, in British Columbia.

The purpose of the bill, as explained, is to prevent employers from refusing to employ, or from dismissing employees, or conspiring with others therefor, for the reason that they are members of a trade union. It was pointed out that it was lawful for workmen or employees to form themselves into trades unions and bargain collectively; that therefore, as a matter of public policy, it should be unlawful for employers to seek by overt acts of intimidation, threats or conspiracy, to prevent their employees from belonging to such trade unions. Throughout the years organized workers have by dint of great struggle attempted to build up their rights to organize. A fundamental right of civil liberty is the right to organize, the right to bargain collectively. Their rights in this respect are not clearly defined, and under circumstances which prevail in some parts of Canada it does become readily possible for powerful corporations to invoke the law resulting in severe penalties to organized workers if they attempt to assert their rights, or where police forces are susceptible to influence, to use the law enforcement agencies to defeat their purposes in attempting to bargain collectively.

In British Columbia we have an act known as the Industrial Conciliation and Arbitration Act. I mention that because the Minister of Justice (Mr. Lapointe) last session made a special point of stating that in all the provinces adequate legislation existed to deal with the question, and therefore it should be left exclusively to the jurisdiction of the provincial authority. He also claimed that it would be inadvisable to make it a crime for employers to act in this way. May I point out that frequently, because of the lawful efforts of organized workers to assert their rights, and because of lawless efforts on the part of the employers who are not restrained under the criminal code from such activities, serious situations result such as that to which I am about to refer.

British Columbia provides, under the Industrial Conciliation and Arbitration Act, that it shall be lawful for employees to bargain collectively with their employers and to conduct such bargaining through representatives of the employees duly elected by a majority of the employees affected, and any employer or employers refusing so to bargain shall be liable to a fine not exceeding $500 for each offence. An attempt has been made in British Columbia to enforce that act, and on one occasion we had the amazing declaration made by the minister of labour of British Columbia that it would be impossible for him to enforce this act against a powerful corporation because unquestionably they would carry the matter on appeal to the privy council and make it extremely awkward for the provincial government.

The situation to which I refer specifically, the strike at Blubber Bay, was with regard to the operations of the Pacific Lime Company, a company controlling practically the only payroll on Texada island, an isolated spot. Comparatively few men were involved, but the strike assumed importance because of the proximity of other unions on the mainland at Powell River and of the miners' organizations on Vancouver island. All these organizations have been extremely interested in the strike at Blubber Bay and in the policies disclosed with regard to the attempted settlement of the strike.

Approximately 150 men are employed in quarrying operations. The company quarries limestone and has control over practically the only source of high-class lime on the Pacific coast. Working conditions for some time were unsatisfactory. The men made some attempt to organize during 1937, and several disputes ensued. Finally, in September, 1937, a definite agreement was reached between the employees and the company as

a result of organization, and this agreement is the one I have in my hand. It reads in part as follows:

> This company agrees to bargain collectively with its own employees through a committee elected by the employees as a whole; it being understood that the company does not recognize any affiliation between its employees and any outside union.
>
> The company also agrees that no discrimination shall be shown against any employee by reason of the strike declared on July 23, 1937.

The agreement then proceeds to outline increases of pay and pay for overtime, and concludes with the sentence that:

> Either party to this agreement desiring to terminate same shall notify the other party in writing thirty days in advance of termination.

In addition to this agreement, certain practices were followed at Blubber Bay, and particularly with regard to the employment of men laid off during the slack period. During slack periods the work was rotated in a fashion; the men remained in the district, and if available were reengaged when the work increased. But after the attempt was made to organize, and even after this agreement was reached, it is, I think, now a matter of record that the company violated almost every article of the agreement made with the men. As a matter of fact, only four days after the agreement was signed they disregarded the understanding with regard to boat loading, and they also employed new men for drilling operations, although the old-time employees, men experienced in the work of drilling, were on hand. The union then formed found it necessary to threaten a strike in order to maintain satisfactory working conditions in that regard. But the company made a special point of refusing to reengage men who had been active in the union, and imported from Vancouver men who had not been in the employ of the company. May I add just at this point that the average term of employment of the employees was approximately fourteen years.

In January following this agreement the company actually called together a meeting of its employees and attempted to exercise influence to have them declare themselves against the International Wood Workers of America, an international organization with which the union was affiliated. Three members of the International Wood Workers' Association were actually at one stage excluded from the meeting by the activities of the company. Finally the men voted ten to one for the union committee, and, following the meeting, ninety-two signatures were obtained on a petition to the minister of labour of the province. The petition asked that a conciliator be sent in to deal with the various matters in dispute. On February 12, 1938, a commissioner under the Industrial Conciliation and Arbitration Act was sent in with Mr. Moriarty, as interpreter, and a meeting was held between the employers and the employees. A secret ballot was taken to determine their method of representation, making it clear that the employees should have the right to select a union of their own choice. Two slates, one named by union and the other by non-union men, were submitted to the employees. They voted eighty-seven to thirty in favour of a union committee. The conciliator, Mr. McGeogh, ruled in favour of the men and ordered the company to meet with the committee elected by the men. However, when that committee approached the company the company flatly refused to negotiate and notified the committee that in future the company would hire all men from Vancouver.

That was an exceedingly serious matter because any man who could not secure employment with the Pacific Lime Company would be virtually compelled to leave Texada island inasmuch as there were no other forms of employment available to him there. Again the organized employees applied for a conciliator under the provincial act. I emphasize the fact that the employees who were in dispute with the company followed step by step every legal process open to them under the provincial law. Before the conciliator arrived, the company again indulged in discriminatory practices, and the men went on strike on March 6, at the same time presenting their grievances to the company. Again two commissioners arrived at this point and persuaded the company to open negotiations on condition that the men returned to work. The men returned to work on March 12. The committees and officials of the company met in negotiation, but a deadlock soon took place, following which the men made application for an arbitration board as provided under the arbitration act. Even then, during the month of April, 1938, while the government of British Columbia was taking steps to set up an arbitration board, the Pacific Lime Company discharged nine of their regular employees, for no other reason apparently than that they had engaged in the organization of a union, and filled their places with men recruited from recipients of relief in the adjacent districts.

Here I pause to stress the fact that these men were recruited through the agency of the provincial police of British Columbia from the area known as the Sechelt peninsula. Men who were on relief, it is declared in affidavits, were told that if they did not accept strike-breaking duty at Blubber Bay their relief

would be cut off. A number of affidavits were produced to that effect. As a result of these practices the employees again quit work and appealed to the minister of labour of British Columbia, who instructed the company to reinstate the men or face prosecution under the act. In the arbitration proceedings which followed, Mr. Harold Winch, M.L.A., represented the men before the board of arbitration and produced a letter which had been circulated among the men by their employers urging them against belonging to an affiliate of the C.I.O. Counsel for the company stated that this organization was not a Canadian union but was controlled in the United States and that its reputation was not such as to inspire the company with confidence, thereby making it clear that the company intended to deny the men the right to select a union of their own choice. There are innumerable instances of anti-union activities on the part of the company, and there was continual discrimination, which resulted in the application for the board of arbitration.

Mr. Justice McIntosh was chairman of the board, the other members being Mr. Frank Leigh, and Mr. R. D. Williams, designated by the lieutenant governor in council. The board held sessions at Blubber Bay on May 4 and 5, and on May 10 handed down a unanimous report. The Pacific Lime Company notified the department of labour of British Columbia that they would accept the award. I have here a copy of the award. Several sections were in dispute as being ultra vires of the Industrial Conciliation and Arbitration Act, a section of which requires the employer to recognize a committee elected by a majority of the employees. At the request of Mr. Pearson, provincial minister of labour, Mr. Justice McIntosh returned to Blubber Bay and dealt with these difficulties to the satisfaction of the company and the men.

One of the principal clauses of the award was that the company should reinstate the men who had been black listed, if those men were available and as opportunity should arise. The meeting following the second session of the arbitration board proceeded to work out plans for the implementing of the terms of the award. The chief point was the reinstatement of twenty-three men who had been black listed by the Pacific Lime Company. Although the company professed their willingness to accept the amended award, they definitely refused to work out a plan for the reinstatement of the twenty-three men who had been black listed. They refused to declare when they would reinstate the men, or to set a time limit, or to suggest any procedure that would be followed with a view to reinstating them. They said that they would have to consider their so-called loyal employees, that is, the men brought in, in the weeks immediately preceding, to take the place of the men who had been black listed because of trade union activities.

Mr. Justice McIntosh did not spare the company in his remarks, particularly in regard to their stand on behalf of the so-called loyal employees. He said definitely that they "should go down to the mill in the morning and dismiss those men." He emphasized that the men were brought in during the dispute and said that he would not be in the least surprised if they were dismissed, and he pressed the company to reinstate the twenty-three men round whom the dispute centred and who had been loyal to the company for terms of employment ranging up to thirty years. The company refused to make terms of reinstatement, but stated quite defiantly to the government and to the men that they would not reinstate them; and after waiting several weeks the men struck on June 2, 1938. As far as I am aware, that strike is still in progress.

Since the strike was declared the authorities in British Columbia made several earnest endeavours to settle the dispute. For several very good reasons there is still danger that certain business will be tied up if the unions in the United States handling cargoes take a sympathetic point of view. Sympathetic action on the part of affiliated trade unions would seriously disrupt business operations in British Columbia.

Mr. REID: The hon. member mentioned twenty-three men who were dismissed. Were any of the old employees retained?

Mr. MacNEIL: Yes, I believe there were; but I am referring to the men who formed themselves into a union and attempted to secure recognition of that union by the company, and who were black listed and dismissed; none of those men was reinstated. Mr. John Stanton, barrister of Vancouver, made a splendid effort to bring the company and the men together. Mr. Colin Cameron, M.L.A., Mr. Harold Winch, M.L.A., and many other individuals approached the company, and eventually Mr. Justice McIntosh again went to the company, urged the courts to adjourn the various trials, and attempted to reach some settlement. The company refused to reinstate the men. At first they promised they would reinstate six or seven or eight of them; subsequent negotiations revealed their willingness to reinstate the majority of the white men but not any of the orientals involved, who had given long and faithful service.

To every attempt made by the provincial government during or subsequently to the arbitration proceedings the company took a defiant attitude and evinced determination to crush the strike.

When the strike was called, a detachment of the provincial police was sent to Blubber Bay, and it is to the disgrace of British Columbia that this police force was used to intimidate the strikers and provoke them to disorder. The employees were men known to be industrious and law-abiding, but they were subjected to what I consider to be acts of terrorism. There was a lady in the community, whose house had been built by public subscription when her husband died in the employ of the plant and whose house was not on the company property; an attempt was made forcibly to evict her, in the presence of the police officers. Affidavits were made showing that attempts were made to suborn witnesses to give perjured evidence that money was obtained by methods of extortion, without the man being formally charged or appearing before a magistrate. There was deliberate provocation by the police, until a large number of charges of unlawful assembly resulted. Men were arrested on various pretexts. I well remember that for a whole Sunday men crazed with liquor ran wild in Blubber Bay, intimidating and in some instances actually assaulting innocent persons, and the police standing by offered no protection to those who sympathized with the strikers. I was present on one occasion when a barrister of repute made an affidavit in the presence of the attorney general of British Columbia to the effect that the magistrate sitting on one of these cases had been under the influence of liquor when dealing with the case. The whole matter was such as to undermine confidence in the administration of law and order in that section of British Columbia, and it resulted from the deliberate and determined efforts of a well entrenched company to deny a legitimate union the right to conduct its legitimate activities.

The situation became so serious that one police officer was finally charged with assault, convicted and sentenced to six months' imprisonment. The offence which he committed was that he did assault a man arrested on a charge of unlawful assembly after that man had been placed in the house used by the police detachment for their purposes. That man was seriously injured, and although sentenced on the charge of unlawful assembly was at the point of death for many months, as a result of these injuries.

Mr. LAPOINTE (Quebec East): Was that the municipal police?

Mr. MacNEIL: A provincial police officer, a member of the detachment especially imported to Blubber Bay on strike duty, who, I say, took no pains to conceal their desire to take the part of the company and smash the strike. A few level-headed police officers on the scene might have made it clear that they were there to protect property and maintain law and order, and might have avoided all the serious trouble which resulted. The courts were clogged with charges of assault, unlawful assembly and rioting for many months afterwards, and this caused grave concern to citizens of British Columbia interested in the maintenance of law and order. The law was brought into ridicule because of the actions of some police officers sent to Blubber Bay on strike duty.

While I cannot now go into more details of a very sad chapter in the industrial history of British Columbia, I suggest to the Minister of Justice that it is a crime for employers to do what was done in Blubber Bay. They used the power which is theirs to intimidate employees and prevent legitimate trade union activity; they found it possible to influence law enforcement in British Columbia in order to place the strikers at a disadvantage, and where you have officers susceptible to that kind of influence it is very easy to charge that any assembly, such as a picket line, is an unlawful assembly, threatening or presumed to threaten a disturbance of the peace. The law was brought into contempt in British Columbia by reason of that action with sad results, which will leave a deep impression in the minds of citizens of British Columbia for many years to come. I suggest it is now high time that we make definite provision in the criminal code of Canada declaring it to be unlawful for employers to intimidate in that fashion employees who are attempting legitimately to bargain for their rights.

On motion of Mr. Macdonald (Brantford City) the debate was adjourned.

PRAIRIE FARM REHABILITATION

AMENDMENT TO EXTEND PERIOD OF OPERATION OF ACT, ETC.

Hon. J. G. GARDINER (Minister of Agriculture) moved the third reading of Bill No. 36, to amend the Prairie Farm Rehabilitation Act.

Hon. H. H. STEVENS (Kootenay East): When this bill was up for second reading and during the committee stage I discussed it at some length. I shall endeavour not to traverse

again the ground that I covered on those two occasions, but to state briefly some reasons why I consider this legislation to be of a retrograde character.

Over a long period of years there have been developed in the legislation of Canada certain safeguards to control the expenditure of public money. As a result of long experience certain principles have been adopted to ensure this control.

This is a bill to amend the Prairie Farm Rehabilitation Act, which originally was passed in 1935 as an emergency measure. The original legislation was of this nature: There had been an area in Saskatchewan and Alberta and the western section of Manitoba subjected to drought for several years; there was soil drifting, and the farmers in this district were suffering. It was found advisable for parliament to pass certain legislation enabling a study to be made of the situation. So a bill was passed authorizing the appointment of a representative committee. I read the details of that clause on the second reading. This committee was of an advisory character to advise the minister as to what measures might be taken to rehabilitate the area. That, as I say, was in 1935.

In 1937 the act was amended, broadening its character. It must be borne in mind—and I wish it had been possible for the Prime Minister (Mr. Mackenzie King) to have been present to-night, because I consider this is a matter of rather unusual importance—that the original measure provided for examination into the situation, and for certain emergency measures. But it limited the amount of expenditure in the act itself, and provided for other safeguards and limitations.

In the act of 1937 the original act was amended and the groundwork somewhat broadened. The 1937 bill really erects what was originally passed as an emergency measure into an important piece of permanent legislation. It may be questioned as to whether or not it is permanent. But when I point out that in his elucidation of the works which had already been undertaken and brought into operation the minister stated last night that some of it was constructed to last for at least twenty years, the permanency will be realized. I think in regard to many of the operations he would not limit it to that time.

Furthermore, thousands of acres, tens of thousands, yes, hundreds of thousands of acres of land have been and are being purchased, which erects the whole undertaking as a permanent structure. For instance, when speaking last night the minister gave certain information, some of which I shall quote. He apparently impressed the house with the significance of what the government is doing. For example, he referred to Caron water storage, at a cost of $400,000; Cypress lake storage, at a cost of $304,696.13; Downie lake irrigation project at a cost of $61,461.65; the Brooks irrigation project extending over an area of 25,000 acres, the Eastend extension at a cost of $30,661.45; the Glen Ewen dam storage at a cost of $9,471.40; the Kisbey Flats irrigation project costing $23,121.50; the Pipestone lake storage, costing $7,523.25; the Oxbow-Souris river storage dam at a cost of $16,130; the Souris-Estevan irrigation project at a cost of $52,-903.86; the South Saskatchewan river storage project at a cost of $243,106.25; the west Valmarie irrigation project at a cost of $43,-987.50; the Weyburn rural municipality underground storage project, costing $3,333,33, and the Leavitt irrigation district project, to cost $46,304.80.

These are the works with which we are dealing in this legislation. And I may say that, in addition to these, there are about 5,000 individual, smaller operations.

Mr. GARDINER: Would the hon. member mind my asking him a question? I understood a moment ago that the hon. member was going to proceed to quote from something I had said to show that hundreds of thousands of acres of land had been purchased. There is nothing in the remarks he has made which indicates that.

Mr. STEVENS: I did not think the minister expected me to quote to any great extent. However, I shall quote some of it. For instance, these pasture lands acquired by the government—

Mr. GARDINER: Those are not purchased.

Mr. STEVENS: Fenced by the government.

Mr. GARDINER: They are not purchased.

Mr. STEVENS: They are fenced.

Mr. GARDINER: They are given to the government.

Mr. STEVENS: They are taken over. The minister said last night that title in them was in the government. Are they or are they not deeded to the government?

Mr. GARDINER: The title is given to us by the provincial governments, but they are not purchased. There is no money passed.

Mr. STEVENS: None of them purchased?

Mr. GARDINER: There may be certain acreages, small acreages, purchased—but not hundreds of thousands of acres.

Mr. STEVENS: Here is what we have acquired, anyway; in other words, title has been taken by the dominion government in connection with these properties:

Name of pasture	Acres in pasture
Coldfields	6,500
Estevan-Cambria	6,400
Laurier	24,960
The Gap No. 1	5,440
The Gap No. 2	6,720
Brokenshell No. 1	20,480
Brokenshell No. 2	8,160
Excel No. 1	6,880
Excel No. 2	10,560
Rudy	7,360
Usborne	12,160
Dundurn	20,800
Montrose	11,680
Mariposa No. 1	7,320
Mariposa No. 2	14,720
Park	5,760
Total	175,900

In addition to that the minister gave some very large figures last night—

Mr. GARDINER: Over 400,000 acres.

Mr. STEVENS: Yes, some 400,000 acres. That saves me the trouble of looking it up.

The only point I make is that this constitutes a permanent undertaking. It is not something which is any longer of an emergency nature. My complaint is that in this legislation before the house we are giving to the minister powers which over the years have gradually been taken away from ministerial control, not through any reflection upon ministers, but as a matter of experience and to safeguard the proper control of public expenditures.

As an illustration let me turn to the Department of Transport Stores Act, 1937. There we find this safeguard:

All transactions affecting the accounts herein provided for shall be subject to all the provisions and regulations of The Consolidated Revenue and Audit Act 1931, except as otherwise herein provided.

That is one safeguard not found in this legislation.

Then, the Public Works Construction Act was somewhat similar to the measure now under consideration. It, too, was emergency legislation. Let us remember that in connection with these undertakings for the irrigation of land, valuable areas of land are to be acquired. Under this measure, subject to the approval of the governor in council, we empower the minister to acquire lands, and so on. But in the Public Works Construction Act, section 3 we find this:

The governor in council may acquire such lands as may be necessary for the purposes of this act, and the provisions of the Expropriation Act, chapter 64 of the Revised Statutes of Canada, 1927, shall apply.

I am not saying that in every instance the Expropriation Act should apply, but I do submit it would be advisable to have the acquisition of land under this legislation subject to the Expropriation Act or, in cases where the Expropriation Act were not considered necessary, the governor in council should make special provision for it.

Another point is this: It is not obligatory upon the minister to call for tenders. On the other hand, under the Public Works Construction Act it is obligatory upon the minister to call for tenders, and the provision reads as follows:

Except as hereinafter provided the minister or department of the government entrusted with the administration, management and execution of any of the works set forth in schedule A to this act shall invite tenders for the construction and execution of such works, and contracts for all such works and undertakings shall be awarded under the direction of the governor in council.

I submit that also should be included in this bill. Another provision which should be included is to be found in the Public Works Construction Act, 1935. This reads:

All orders in council made under the provisions of this act shall be laid before the House of Commons forthwith after the making thereof if parliament is then sitting, and if not, then said orders in council or an abstract thereof disclosing their essential provisions shall be published in the next following issue of the *Canada Gazette* and laid before parliament in the case of all expenditures the amounts of which are not specifically set forth in schedule A to this act within the first fifteen days of the next ensuing session.

The reason for that provision in that act was similar to the reason why a similar provision should be included in this legislation. The new section 12 empowers the minister to dispose of equipment; in fact, under that section he can dispose of a great many things. I did not attempt to look up the records, but I have referred to the Public Works Act, which is chapter 166 of the Revised Statutes of Canada. This is a very old statute, and I cite it because it shows that for years parliament has carefully guarded this sort of thing. Section 39 of that act reads:

Notwithstanding anything in this act, or in any other act contained, any public work not required for public purposes may be sold or leased, under the authority of the governor in council; and the proceeds of such sale or lease shall be accounted for as public moneys: Provided that such public work shall be so sold or leased by tender or at auction after public advertisement.

And so on. The reason why I refer to that is the fact that yesterday it was suggested to the minister that these articles should be disposed of by public auction. There is a wide range of activities authorized under this

bill. It is impossible for the minister personally to keep in contact with several thousand undertakings. When I say several thousand, I am not exaggerating because the report which was tabled, which is incomplete, shows that applications have been made for over 11,000, and the projects reported completed number 4,588. That was a year ago, and during 1938 several thousand more have been added. It is obviously impossible for the minister or the deputy minister to keep in touch with the various projects, and therefore it is doubly desirable that reasonable safeguards should be maintained. I am not asking for anything new, I am simply suggesting that the existing safeguards in connection with the disposal of equipment and property shall be maintained. I think that could be done by adopting in this measure the old, well tried practices of the Department of Transport, which was formerly the Department of Marine, in connection with its stores, and of the Department of Public Works and the other operating departments of the government which through long experience have found the best method of dealing with these matters.

It was not my intention to prolong the debate or delay this matter. I simply wanted to reiterate what I had expressed before, that in my opinion this legislation represents a loosening up of what has long been recognized as the necessary control by parliament over the expenditure of public money. It is a retrograde step. This legislation is making permanent that which was adopted a few years ago under an emergency, and we are doing it with an almost frivolous attitude. We have not worked out a well thought out statute to control this vast undertaking. It is a vast undertaking. It is like having a working government within the government. It has all the potentialities of a Department of Public Works being operated by the Department of Agriculture. This latter department has not the personnel or the training to deal with many of these larger undertakings. I have already referred to irrigation schemes which will run into $300,000 or $400,000. These are to be constructed under the direction of the Department of Agriculture when we have an efficient Department of Public Works which could undertake this work. The small dug-outs and the little local water storage basins could probably be constructed by the Department of Agriculture, but these larger works ought to be under the Department of Public Works, and be supervised by the laws of the country which control expenditures of this kind.

I am quite aware that I shall lay myself open to the suggestion that I am reflecting on the minister, but this has nothing to do with him at all. It is purely a non-personal matter. My objection is to the principle of the bill, to the retrograde nature of the legislation and to the at least partial abandonment of the regular safeguards which have been used for many years in this country in connection with such matters.

Mr. KARL K. HOMUTH (Waterloo South): Mr. Speaker, I have had some experience with legislation and with government. One thing which amazes me is the number of measures which are passed through this house empowering ministers to do within their own departments works which should necessarily come under some other department. One almost begins to wonder whether or not this session is just a prelude to a general election when what is so often referred to in the United States as the pork-barrel is opened up for the purposes of an election within a few months. Everything in connection with this bill gives to the minister power which I submit no minister should have. When expenditures such as these are undertaken, I believe that they ought to be undertaken by the department of government which knows something about construction, engineering and the carrying out of such works. We have gone into the motion picture business; we have the Department of National Defence; apparently everything that is being done is subject to the charge of patronage. Surely the time has come when the people of Canada should be sick and tired of political patronage. They are sick and tired of it. I for one want to protest against the putting through of legislation which, like this bill, is going to give the power of political patronage to a minister.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, we are being asked to approve the third reading of Bill No. 36, to amend the Prairie Farm Rehabilitation Act. The main part of the amendment has to do with an appropriation of $450,000, a large sum of money. The minister may make argeements with the provinces, with municipalities, cities and towns, or with any individual or corporation. That is contrary to the other labour and relief legislation of the government where the municipalities must deal with the provinces.

I think this Bill No. 36 is class legislation of the worst kind. If you are going to assist the prairie provinces on their way to recovery, then by the British North America Act in relation to concurrent jurisdiction in agriculture, there should be equality of treatment for all the other provinces because they have farm problems as well. I was very much

surprised at the kind of argument that was used on the second reading of this bill. It was claimed that the prairie provinces had paid $47,000,000 through the tariff over a period of years, and now three or four million dollars a year are to be set aside to assist the prairies because of that new argument. That seems to be the principle on which the minister is going in this bill. I never knew any other minister to accept or adopt such a principle. It is based on a fallacy and unfounded. I never heard such an argument used before in all the parliaments I have sat in until this one.

In addition, Mr. Speaker, this bill is sectional, for the benefit of one part of Canada only at the expense of another. As I said in parliament last year in connection with similar legislation, I cannot understand the policy of this government as it appears in this bill. The policy is all wrong. There was a return brought down to this house for the late Mr. McCrea which showed that so far as agriculture was concerned the jurisdiction under the British North America Act was concurrent between the dominion and the provinces. It never was the intention of the fathers of confederation by the widest stretch of imagination that the principle of federal assistance to the prairies should be carried out along the lines of the Prairie Farm Rehabilitation Act, and this amendment by Bill No. 36. This is class legislation; it is not in the public interest, and somebody must pay for it. The return to which I referred showed that these millions of dollars of assistance for the prairies came from the industrial provinces of Ontario and Quebec to the extent of eighty per cent. These two provinces pay eighty per cent of all the cash taxes of Canada. Since the present minister has been in charge of this department, he seems to have turned this high court of parliament into a parliament only for the benefit of Saskatchewan at the expense of the rest of Canada.

The argument that the east is getting a subsidy through the tariff is very far-fetched indeed. Hon. gentlemen from the west say that the three prairie provinces have contributed $47,000,000 through the tariff to the east. Where is it? What did that $47,000,000 consist of? It is simply an academic argument, and I never heard it used until the present Minister of Labour (Mr. Rogers) came into the house in 1935. It is not an economic or a business argument or even a fact. It sets one section of this country against another. It sets the west against the industrial provinces of the east, against Ontario and against your province, Mr. Speaker, from which sixty-five members come to this parliament looking for similar treatment.

I will give the reasons for the principles of this bill. I stated in the house last year the reasons for the failure of agriculture on the prairies, and I quoted at that time from an article in the National Review entitled "Waste Not Want Not," which describes conditions on the prairies and in the waste agriculture places of the United States. It says:

> There is no country in the world where machinery is utilized more in everyday life than in the United States of America, and there is no country in the world where human and material waste is becoming more evident. The American used the machine to extinguish the amenities of his soil, and he reaps the whirlwind, or the dirt storm. He turned his machines on the timber, and he finds himself confronted with rising waters in the shape of floods, and falling waters in the form of droughts. If he continues on the same lines, employing his ruthless mechanisms on industrial projects without due consideration of wastage of raw materials and wastage in human power, he may conceivably awake like Rip Van Winkle in another generation and discover that all the empty gunny sacks in the countryside will not clothe and feed the miserable population.
>
> In the Dominion of Canada the fisheries are a declining factor, consequent on the application of a maximum of mechanical age and a minimum of human power. The prairies in the central regions are losing their fertility in an endeavour to supply wheat for exportation with a maximum of machine power and a minimum of man power; and the same sequence applies to timber or mineral productions. Over eighty per cent of Canada's exportations are basic raw materials, or primary products, and the whole population of this vast extent of the earth's surface is only in the neighbourhood of 11,000,000.
>
> The point which I wish to make clear is that during the last decade since machinery in the dominion has been employed in geometrical progression towards the destruction of primary natural resources for export, the country has failed to increase in man power. Not only is this the case, but the problem of unemployment is probably as acute in Canada as elsewhere. The same reasoning holds to a more or less degree when applied to other parts of the British empire from which countries, dominated by industrialism or unrelentless machine economy, derive their supplies of raw material.
>
> It is no solution of this question of raw materials which contends that if the imperial markets from whence Great Britain obtains her present supplies were thrown open to the world at large under a league of nations or other committee a situation would be created whereby peace would become the stabilized condition of human existence, machine economy and trade the governing factors, and war an outrage.

I contend that if the government of Canada, which has concurrent jurisdiction with the provinces in agriculture, is going to give

by this bill federal assistance running into tens of millions of dollars a year to the prairie provinces, then under the British North America Act the farmers of the other provinces are entitled to the very same treatment. Agriculture, as a matter of fact, should have been at confederation a provincial responsibility, with each province looking after its own agriculture; but under sections 91 and 92 of the British North America Act the dominion and the provinces have concurrent jurisdiction in agriculture. Is it to be concurrent only for Alberta, Saskatchewan and Manitoba, or is the concurrency to apply to the other provinces where they have similar problems of drought and poor crops? I say that the other provinces are not going to stand for contributing out of current revenue and out of capital all this federal assistance to one section only of Canada.

Hon. gentlemen argue that the west has contributed $47,000,000 through the tariff, and they contend that the east is subsidized through the tariff. I believe in the only principle of confederation, each for all and all for each, for each of the provinces. If you carry that argument to a legitimate conclusion—although I have never used it before, I have heard it used in a great protectionist paper, the Evening *Telegram* of Toronto, by a gentleman who was editor for nearly forty years and probably knew more about protection and the tariff in relation to the prairies than some members of the cabinet; I am not using it; I am giving it in answer to the argument proposed—it is not open to hon. gentlemen on my left to say that the industrial provinces have a subsidy of $47,000,000 from the west, because I can tell them this, that the greatest enemy the western farmer has is not east of the great lakes, his greatest enemy as a grain grower is the free trader on the prairies. The free traders are very largely to blame for this trouble on the prairies. They, the elevator combines, the grain exchange and others in the west are responsible largely for the farmers' difficulties because they have tried to make western agriculture a north and south industry instead of an east and west industry. Some of the worst enemies the west had were free traders in Regina and other prairie capitals and cabinet ministers who shared their opinions when they proposed free trade in grain along those lines and when they opposed inquiries into the grain industry, as, for instance, when they secured an injunction in the Maharg case, so preventing a proper inquiry into the evils suffered by the farmers on the prairies from combines and middlemen who handle grain.

[Mr. Church.]

I believe in the principle of confederation, each for all and all for each; but I believe the day is not far distant when parliament can no longer make these hand-outs under the British North America Act to the west unless they give the same treatment under the very same act under concurrent jurisdiction to the maritimes, to British Columbia, and to the industrial provinces where, in Ontario and Quebec, are hundreds of farmers in destitute circumstances.

Hon. R. J. MANION (Leader of the Opposition): I wish to say just a few words, occupying probably two or three minutes, on this bill. I had not the good fortune to be in the house to hear it thoroughly discussed, because I was "knocked out" a little bit and did not have an opportunity of being here. Merely to read the bill makes anyone come to the conclusion that its powers are too wide, and it is for the purpose of protesting against such powers being given to anybody that I rise in my place. Although one or two or perhaps all of the clauses have been slightly modified, numbers 10, 11 and 12 give the minister power to enter into agreements with the provinces and perform many duties. Section 10 states:

> The minister may . . . enter into agreements with any of the provinces of Manitoba, Saskatchewan or Alberta or with any city, town or other municipality within any of the said provinces, or with any person, firm or corporation.

By section 11:

> The minister may, for the purposes of the act, and with the approval of the governor in council, purchase, lease or otherwise acquire, or sell, lease or otherwise dispose of, any lands or premises which may be required . . . upon such terms or conditions as he may deem desirable.

Section 12 states:

> The minister may . . . purchase or rent whatever machinery or equipment may be required in connection with the development, construction or operation of any project, or scheme, and may sell or otherwise dispose of such equipment upon such terms as he may deem desirable.

To my mind that gives the minister power to do anything on earth, within the limitations of the money which he has at his disposal.

Mr. GARDINER: With the approval of the governor in council.

Mr. MANION: Well, only one of the sections, No. 10, states that.

Mr. GARDINER: And No. 11.

Mr. MANION: "The minister may . . . with the approval of the governor in council, enter into agreements." The others do not say so.

Mr. GARDINER: And No. 11.

Mr. MANION: Yes, that is right. I had not noticed it in section 11. But it is not in section 12.

Mr. GARDINER: It is now, with the amendments.

Mr. MANION: Even thus, to give power of that sort to any minister, to any man, is, to my mind, to give him excessive power in these days. We know what power does to some people. I am not suggesting that it might make the minister lose his head, because he is a pretty level-headed politician. At the same time, Hitler got too much power, and we know what is happening to him and what might happen to us. Lucifer was in the same class, although he got thrown out of his job. I am afraid that the minister—

Mr. LAPOINTE (Quebec East): Do not compare the minister with Lucifer.

Mr. MANION: I know the minister is one of those high-minded gentlemen who would not think of doing anything for political purposes or reasons of that sort. At the same time—to be serious—I believe that this bill gives him far too much power. Nobody knows better than the Minister of Justice (Mr. Lapointe) himself that this is far too much power to give to anybody. I have not any doubt, despite the cry we hear about wasting the time of parliament and idling away our time here when we should be occupied with other matters, that if we were in power and attempted to put through a bill of this sort, it would be held up, not for days, but for weeks, by our friends on the other side. I do not suppose the minister would refuse the power offered to him, but I suggest sincerely to the government that to give him the power which this bill enacts is far too much. It would be too much to give to any individual, be he ever so high-minded, sincere and desirous of dealing justly and fairly with the people of the three prairie provinces. I merely rise to put in my protest against the passing of a bill of that kind.

Mr. E. E. PERLEY (Qu'Appelle): I am not going to hold up the passing of this bill to any extent; I desire to make just one or two further observations. On previous occasions I have said practically all that I intended to say. But, more particularly with the amendments which were put into the bill last evening, having looked them over as I read them in *Hansard* to-day, I cannot see that the bill is improved very much. It is no more of a safeguard upon the expenditures of public money than it was in the form in which it was originally presented to the house. As the hon. member for Kootenay East (Mr. Stevens) has stated to-night, under this bill the Prairie Farm Rehabilitation Act is made permanent. What I should like to draw to the attention of the minister, and what I should like to have him undertake, is, if possible, some system of checking up on expenditures with respect to the staff, not only their salaries but their expenses as well. I refer to the men who are now employed in the city of Regina and the province of Saskatchewan. Return No. 59 which was tabled yesterday by the minister shows that at the present time there are 261 persons employed, seventy-one in Regina and 190 outside the city. The return gives the names and the salaries.

Mr. GARDINER: In the three provinces.

Mr. PERLEY: The expenses of some of them are given. I notice in the auditor general's report for the year ended March 31, 1938, that salaries paid under the Prairie Farm Rehabilitation Act in Saskatchewan were in the neighbourhood of half a million dollars, and the expenditures of these employees ran to over $200,000. I think the minister would be well advised to have a very careful check-up in this matter, particularly of the expenses. I notice in the auditor general's report that one man had an expense account of $7,000. It will be found on page 57 of the report; the name of the man is J. I. Mutchler; he was employed as one of the field men. I think any man operating a car and running up an expense account of $7,000 should have his expenses carefully checked. I notice also that there are 123 men operating cars, and that the expenses of some of them run around $2,000 each.

Wide powers are given by this bill to the minister. We are not suggesting any ulterior motive or making any imputation. The work is of an important character and in its main result will prove of great benefit to the province, but I repeat that the expenditures should be checked very carefully indeed. I recall that when the previous government was in office, auditors were sent out from the federal treasury department and kept on the job and everything was checked carefully. It is along this line I should like to have the minister's assurance that a more careful tab will be kept with regard to some of these officials.

I have here a letter which I received this morning. It is a report from the proprietor of a rooming house in Regina stating that one or two of the employees under the Prairie Farm Rehabilitation Act, who had been taken into the organization in December last at salaries of $125 and $150, are now on three weeks holiday with full pay. I do not think the minister should allow that sort of thing. It is evidence that there may be a little slackness in the way in which matters are controlled in the province. The bill, however, will go through, anyway, and I will not hold it up.

Hon. J. G. GARDINER (Minister of Agriculture): One or two remarks have been made to which I should like to reply. In the first place it has been suggested by one or two of the speakers that this is a rather remarkable piece of legislation. In particular, I believe the hon. member for Waterloo South (Mr. Homuth), in the few observations he made, referred to it as a set-up just prior to a coming election for the purpose of giving patronage. If one looks at the legislation on which these amendments are based, one finds that the legislation was passed by the House of Commons on April 11, 1935, which was just prior to the last federal election, and passed by the government which was then in office; and in spite of the remarks of the hon. member for Waterloo South, who has very lately come into the house, I am not inclined to think the bill was passed by the government of the day for the purpose of giving out patronage in connection with the election which was then in the offing. I am quite sure that members of the house to-day are not at all in agreement with the hon. member for Waterloo South that the present intentions with respect to any legislation that may be brought into the house are for the purpose he indicated.

Bill No. 55, introduced in 1935, is in principle identical with the act which is still on the statute books. This bill deals in very much the same terms as the act which is now on the statute books. In the first place, the first section declares:

> In this act and in any regulations made thereunder, unless the context otherwise requires, "minister" means the Minister of Agriculture.

In other words, it was not the present government but the government of our predecessors that placed this particular work under the control of the Department of Agriculture, and it has remained under the control of the Minister of Agriculture from that day to the present time.

Section 3 provides that the governor in council may establish a committee. The only change in that section was made during the session of 1937 when the word "committees" was substituted for the word "committee." On that occasion the then leader of the opposition suggested that the word "advisory" should be added to the word "committees," and when the bill finally went through the house the words "advisory committees" were embodied in it. So that instead of one committee advising the minister, as we had under the legislation set up by the other government, we now have three committees advising. Well, if there is any change in policy in that respect, it is a change that gives the minister more advice than he had under the legislation of 1935.

Section 3, it is true, goes on to state how the committees shall be constituted, and as I pointed out last evening, the only difference between the committees as constituted now and the committee as constituted then, is that the farming population of the area concerned is represented by members appointed by the municipal bodies instead of by members appointed by the grain growers or other organizations of that type in that section of Canada.

Section 4 provides that the committee shall consider and advise the minister, and the section now reads:

> The advisory committees shall consider and advise the minister as to the best methods to be adopted to secure the rehabilitation of the drought and soil drifting areas in the provinces of Manitoba, Saskatchewan and Alberta, and to develop and promote within these areas systems of farm practice, tree culture, water supply—

In the legislation of 1937, in that section, just a few words were added:

> . . . land utilization and land settlement. . . .

These activities were added to the others enumerated in the section; otherwise the legislation is exactly the same. The provision was broadened to the extent of adding the words "land utilization" in connection with the activities previously carried on, and the words "land settlement," which probably involve an enlargement of the activities under the bill.

Section 5 provided that no member of the committee should receive any pay, and that is still the condition. Section 6 provided:

> The minister may appoint such temporary technical, professional and other officers and employees as he may deem necessary and expedient for carrying out the provisions of this act. . . .

That is exactly as it was. The minister does what he did in the legislation laid down by

the previous government. Section 7 is identical with section 7 of the previous legislation:

> The governor in council may make such regulations as may be necessary or expedient for the effectual execution and working of this act and the attainment of the intention and objects thereof.

The only change in the next section is that instead of fixing a definite sum to be spent each year in connection with this legislation, the present legislation provides that we spend the sums given us through the estimates that pass this house from time to time.

I do not see any particular change in the policy of this government in relation to this matter, or in the principle of this legislation, from the principle which had been adopted in the previous legislation; and in so far as these sections which are added now are concerned, all the powers that are to be exercised under these three sections were previously exercised under section 7 of the original bill. These powers were all exercised by officials of the Department of Agriculture under the previous government. Their activities were continued by the present government, and, as I said the other day, many of the officials carrying on those activities in the department are the same officials that carried them on under the former government.

The statement with regard to these sections suggesting that the minister is given exceptional powers are hardly borne out by a careful reading of the legislation. Section 7 of the old bill provided that the governor in council might make regulations, and those regulations were the only provisions that really governed the activities of the minister. Under this particular legislation it is provided that the minister may, subject to section 4 of the act, that is subject to getting advice from the advisory committees, and with the approval of the governor in council, enter into agreements. We were entering into agreements before. We were doing all the things enumerated in this particular piece of legislation under the powers contained in section 7, and it is only because it is considered wise to ask this house to have those powers conferred directly by the house rather than have to depend upon order in council legislation in order to give the powers to the minister, that this particular bill has been brought in at this time.

There was one other remark made in regard to which I might say a word, that is the statement by the hon. member for Kootenay East (Mr. Stevens) as to several thousands of undertakings; he went on to indicate that there are some 11,000 applications for undertakings in connection with which the sale of equipment would be involved. There is no government equipment used in the digging of dug-outs. These dug-outs are dug on the farms of farmers, usually with equipment provided by the farmer himself. When not constructed by farmers with their own equipment they are constructed with equipment that the farmers borrow from the municipality or some other body in the neighbourhood. Most of the other undertakings are not carried out with government equipment at all; they are carried out under contracts let by tender to contractors who use their own equipment. All the large dams are constructed in that way; all the large irrigation works are constructed in that way; all the ditch digging is done with equipment of that kind owned or controlled by contractors, and therefore not at the disposal of the government to sell.

Mr. PERLEY: Does the minister mean to say that all the dug-outs were dug with farmers' own equipment, that there was not government machinery going round, and after the farmers had taken off the surface did not government machinery come and finish the job?

Mr. GARDINER: No, the government has no machinery going round doing that work. As regards work that is completed with what are known as drag-lines, these drag-lines belong either to municipalities or to contractors who have taken a contract from the farmers or through the municipality to clean out the bottom of the dug-out. In other words, what actually happened in Manitoba in connection with many of these undertakings is that the municipalities have made arrangements for drag-lines to be brought in to take out the bottom six feet of the dug-outs. So far as Saskatchewan is concerned in some instances groups of farmers formed into agricultural associations have secured drag-lines through contractors to come and do the same thing. This equipment does not belong to the government at all, and is not equipment over which the government would have any control either to sell or do anything else with. There are very few of the undertakings in any of the provinces in connection with which the government has control over any of the equipment. And much of that is carried on not under the set-up that is generally known as the P.F.R.A. set-up; it is carried on under the regular experimental farm set-up in those provinces. Take, for example, the leveling of lands in connection with irrigation undertakings; that is carried out under the direc-

tion of the superintendent of the experimental farm at Swift Current, and the equipment purchased for the carrying out of the work is largely purchased under recommendation from those officials of the department, who are chosen not by the minister but by the civil service commission, regular officials of the Department of Agriculture carrying on the activities of the experimental farms branch.

I make those statements in order to clear up any suggestion that these thousands of undertakings are being carried on with government equipment and that this equipment is at the disposal of the minister to sell or do what he likes with. I suppose there would not be more than a dozen undertakings in Saskatchewan last year, probably not more than three or four in Alberta, and very few in Manitoba, on which equipment would be used with which the minister had anything whatever to do as to either purchase or sale.

In relation to the suggestion that under the previous government, a very careful check was kept of all the activities in connection with the department, exactly the same kind of check is being kept by the present government; more of it, because we are spending more money. And many of the same individuals, who were checking the accounts then are checking them now.

I say this in order to indicate that considerable care is being taken in connection with activities involving the expenditure of money in the department. It is only proper that these checks should be made of all expenditures of government money, whether in this department or in any other.

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

AGRICULTURAL PESTS

AMENDMENT OF ACT TO CHANGE TITLE AND REVISE CERTAIN OF ITS PROVISIONS

Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill No. 40, to amend the Agricultural Pests Control Act, and change the title thereof.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 2 agreed to.

On section 3—Definitions.

Mr. SENN: Why are these changes being made, who is asking for them, and what is the significance of the changes?

[Mr. Gardiner.]

Mr. GARDINER: A general suggestion that the changes be made has come from the fruit growers and others interested in this matter. For example, the change suggested in section 3 largely has to do with the use of the word "guarantee" instead of "guaranteed analysis." Owing to the wide range of products coming under this act, the different uses of those products, and the fact that many of them do not lend themselves to chemical or other analysis, different kinds of guarantee are required. Most of the products require a chemical guarantee; others require specific gravity and viscosity guarantee. A large number, and particularly those in which the active substances are unstable or for which there are no methods of chemical analysis, require a guarantee of biological effectiveness. Examples are the rotenones, pyrethrums, squills and some of the mercuric organics. It is therefore important that the interpretation of "guarantee" be left as broad as possible. The intention is to broaden it so that it can be applied properly.

Mr. GRAYDON: Has any objection been raised to the changes which are now contemplated?

Mr. GARDINER: There has been no objection raised, but there has been some discussion with the pharmaceutical associations, and there has been general agreement. One amendment was suggested, which will be brought in later.

Mr. STIRLING: Was a copy of the draft bill submitted to the various organizations, farmers' institutes and so on, across Canada?

Mr. GARDINER: Yes, I understand that hundreds of copies went out to fruit growers, pharmaceutical associations and manufacturers.

Mr. GRAYDON: With the exception of the one amendment, there was general agreement with the contemplated changes?

Mr. GARDINER: Yes, I understand that is correct.

Section agreed to.

Section 4 agreed to.

On section 5—Application for registration of a pest control product.

Mr. GRAYDON: To revert, if I may, to section 5; what is the practical change with regard to it?

Mr. GARDINER: I would point out that subsection 1 of section 4 of the act has been rewritten to clarify and extend its application. The intention is to obtain all essential

facts regarding the composition, purpose and utility of the product before registering and thereby permitting its sale. That is the intention, generally, although odd words, here and there, are changed. I do not know whether the hon. member wants a detailed answer.

Mr. SENN: To follow up the question asked by the hon. member for Peel, does this mean that there will be greater restrictions upon manufacturers than there were under the old act?

Mr. GARDINER: No, it does not; there are no greater restrictions.

Mr. SENN: What is the object, then?

Mr. GARDINER: It covers new products, and gives further information with regard to new products, rather than further restrictions. New products have been developed since the act was first passed.

Mr. RICKARD: This is in regard to poison to be used in connection with spraying materials?

Mr. GARDINER: Yes.

Section agreed to.

On section 6—Registration fees.

Mr. STIRLING: Is it only the manufacturer who pays this annual fee of $5?

Mr. GARDINER: It is only the man who registers the product who pays the fee. I understand that while previously the fee was $20, there were many who brought in some poison or some product to be used for this purpose who would not really sell $20 worth in the period of time over which the permit extended. The idea was to reduce the fee to reasonable proportions.

Mr. STIRLING: If I may judge by the explanation on the opposite page, it would seem to me that it is the manufacturer—probably in every case the manufacturer—who pays the fee.

Mr. GARDINER: It is the man who applies. He may be a manufacturer, but in other instances he may be a man who has no manufacturing plant. Probably he is an individual who has devised some mixture which serves a purpose, and he simply puts it on the market. He may be an individual who would not have a manufacturing plant.

Mr. GRAYDON: That feature does not apply to the retailer, then?

Mr. GARDINER: No, not to the retailer. There are 504 registrations under the act.

Section agreed to.

Section 7 agreed to.

On section 8—Exceptions.

Mr. GARDINER: We want to amend this section.

Mr. SENN: May we have the amendment first, because there are one or two questions I should like to ask regarding this section?

Mr. RINFRET: I move in amendment:

That section 8 of Bill 40 be amended to include a new subsection (c) to read as follows:

"(c) Any pest control product which has been prepared by a retail druggist registered under a provincial pharmacy act in Canada from an unsolicited prescription submitted by the purchaser thereof, and provided that such pest control is not purchased for resale in Canada."

Mr. GARDINER: Since the drafting of Bill No. 40, information was secured indicating that a large number of unsolicited prescriptions were filled by druggists for purchasers, and therefore the purpose of the change in section 8 is to avoid having to send such a large number of these prescriptions for countersigning by an inspector.

Further, it is believed that, since the purchaser when submitting a prescription to be filled by a druggist evidently knows what he wants, the act should not prevent him from getting it. It should be noted that the materials used by druggists in the preparation of these unsolicited prescriptions must come up to the standard established under a provincial pharmacy act.

Mr. STEVENS: Then, we are to understand that paragraph (b) as it now appears in the bill remains, in addition to the paragraph (c) now suggested?

Mr. GARDINER: Yes.

Mr. STEVENS: It seems to me, as the hon. member for Haldimand points out to me, that one contradicts the other. In paragraph (b) there is reference to any pest control product which has been manufactured from an unsolicited prescription submitted by the purchaser thereof, provided that the prescription is countersigned by an inspector and that such pest control product is not purchased for resale in Canada.

In the first place it strikes me that paragraph (b), which is substituted for paragraphs (b) (c) and (d) in the act as it now stands, is not as good as the old act, because it subjects the purchaser, who knows what he wants and submits a prescription for his own use, to the authority of an inspector. Surely we are narrowing down government control to a very, very narrow compass, when we make it obligatory upon a purchaser acting with his own intelligence on his own behalf—not for

trading or sale, but for his own use—to have the prescription countersigned by an inspector. Pretty soon we shall have to have inspectors giving us authorization before we can buy breakfast foods. It strikes me the draftsman of the bill is going a long way in this matter.

Mr. GARDINER: Paragraph (b) of the bill is in these words:

(b) Any pest control product which has been manufactured from an unsolicited prescription submitted by the purchaser thereof, provided that the prescription is countersigned by an inspector and that such pest control product is not purchased for resale in Canada.

That applies largely where some particular pest infests a certain community, and it may be that a farmers' organization, an individual or a group of individuals may have some means of meeting the condition which exists in that community. The prescription is submitted, to be filled for their use in the community. It is countersigned by the inspector, and the mixture may be made available for the purpose intended. It is not for resale.

The amendment refers to:

(c) any pest control product which has been prepared by a retail druggist registered under a provincial pharmacy act in Canada from an unsolicited prescription submitted by the purchaser thereof, and provided that such pest control product is not purchased for resale in Canada.

The amendment deals rather with preparations being put up by druggists as against preparations being prepared by others.

Mr. STEVENS: How many inspectors are there now operating under the act?

Mr. GARDINER: There are forty-eight or fifty; I am not certain as to the exact number.

Mr. STEVENS: Under this act alone?

Mr. GARDINER: Under this division of the department.

Mr. STEVENS: A nice little army.

Amendment agreed to.

Section 8 as amended agreed to.

On section 9—Offences and penalties.

Mr. MASSEY: It seems to me that this section cannot mean what it says. If I am a retailer and receive some poison which is described on the package to be such and such, and if I advertise that poison in accordance with the marking on the package and the contents are found to be not in accordance with marking, then I am subject to a fine of $100, when I have advertised the product in absolutely good faith. In other words, you are penalizing the retailer.

[Mr. Stevens.]

Mr. GARDINER: I understand that in most instances the product is registered by the manufacturer, and the offender is the person who registers.

Mr. MASSEY: But it does not say that here, and that is why I say the section cannot mean what it says. I think I know what is in the minister's mind, but the bill does not say that. This new section 17 is to read:

Subject to the provisions of section eighteen hereof, any person,

(a) who advertises, exposes, offers, or holds in possession for sale, or sells, in Canada—

In other words, a retailer.

—a pest control product registered under this act which does not meet the guarantee.

In other words, the retailer who advertises a product in accordance with the marking will be subject to a fine of $100, and the same applies to a retailer who holds a product for sale.

Mr. GARDINER: It says, "subject to the provisions of section 18 hereof." You would have to have section 18 in order to get at the meaning.

Mr. MASSEY: I have not that section before me.

Mr. GARDINER: It reads:

Any person accused of selling, offering, advertising, exposing or holding in his possession for sale any poison which does not comply with the requirements of this act or of any regulations hereunder, who proves that the poison respecting which action is taken was bought by him directly within one year from a manufacturer or merchant domiciled in Canada, that if contained in a package said package was not opened, and whether contained in a package or not that the state of the poison was not altered while it was in his possession, and that he had no reason to believe that the said poison did not comply with the provisions of this act, shall, upon disclosing the name and address of the person from whom the poison was purchased, the place where it was purchased and the date of the sale, be liable upon conviction for the costs of the prosecution only, and a prosecution may be brought against such last named person for violating the provisions of this act or any regulation within six months from the date of such disclosure and not later.

Mr. SENN: What recourse would a retailer have where the poison had been imported?

Mr. GARDINER: If it were purchased from outside Canada, the agent domiciled in Canada would have to take the responsibility. I do not think there is any other practical way of handling the matter.

Mr. COLDWELL: It does not seem to me to be just that the retailer should have to pay the costs when he offers the article in good faith.

Mr. GARDINER: The section I have just read has been in the act from the beginning. I think the reason for its being there is to place some responsibility upon the individual who is selling the product to make sure that he is buying it from a reputable firm.

Mr. STIRLING: Supposing a cooperative concern imports a quantity of poison; what would be its position if the poison were found to be contrary to the description?

Mr. GARDINER: If they are importing to distribute to others at a price, then they would be in the position of agents or anyone else who sells it.

Section agreed to.

Section 10 agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Experimental farms—

13. Central experimental farm, $626,950.

Mr. MacNICOL: What revenue is received from the experimental farms?

Mr. GARDINER: The total revenue was $229,367.96.

Mr. SENN: I was not in the house the other evening when this particular item was under discussion. I notice there is an increase from eighty to ninety-one in the number of permanent employees at the central experimental farm, and I should like to know who these people are and what are their duties.

Mr. GARDINER: There was reclassification which made permanent a number of temporary employees. I understand there is actually no increase.

Item agreed to.

14. Branch farms, stations and illustration stations, $1,406,427.

Mr. PERLEY: Would the minister make a statement as to the work carried on at Indian Head experimental farm, with respect to rust resistant wheat?

Mr. GARDINER: There have been certain experiments carried on at the Indian Head farm for some time in connection with the growth of rust resistant wheats. The one which seems to have given the greatest satisfaction from the point of view of appearance, yield and in every other way, was grown in considerable acreage on the farm this year. I visited the farm myself during the period when the rust was most prevalent in that section of the province, and that particular wheat had no traces of rust upon it whatsoever. Even Thatcher wheat growing in that community at that time did have rust on the leaves and on the stem below, what is known as black rust, which eats into the stem. But the particular wheat I speak of was entirely clear of rust, and it showed a very heavy yield when grown on land of the farm, running to forty and forty-one bushels to the acre. It is a very fine wheat, and an attempt is being made at the present time to put it out for multiplication so that it can be distributed throughout western Canada.

Mr. PERLEY: Is that designated as 975?

Mr. GARDINER: Yes, 975. It has recently been called Regent.

Mr. PERLEY: Is there going to be a general distribution of small quantities of it to farmers?

Mr. GARDINER: There is a general distribution being made now of about four bushels to different individuals who will grow it this year, and that will multiply so that it can be distributed.

Mr. PERLEY: What steps does the farmer have to take to get the four bushels?

Mr. GARDINER: They make application to the Indian Head farm or the central experimental farm for it, and it is distributed as far as it will go to the individuals who apply.

Mr. GRAYDON: May I be permitted under this item to ask the minister what progress is being made with experiments in regard to oats? I understand that some progress has been made in regard to Victory oats. It is of great interest to our eastern farmers.

Mr. GARDINER: There are two rust resistant varieties of oats, the Erbin, which is used in Ontario, and is being propagated I believe at Guelph, and the Vanguard oat, which is distributed in the western part of Canada, and in some parts of the east as well.

Mr. GRAYDON: Would the minister indicate whether or not there is any distribution of these new oats among the farmers?

Mr. GARDINER: They are being propagated among the farmers. I purchased one hundred bushels of Vanguard myself this year from somewhere in Manitoba; I have forgotten the individual from whom I purchased it during the winter months. I think it can be obtained quite widely, and the Erbin oat can be obtained in the east.

Mr. COLDWELL: What is the present rate of wages paid to seasonal help on the Indian Head experimental farm?

Mr. GARDINER: The rate is twenty-seven cents an hour for seasonal labour, and from twenty-seven to thirty-three for year round labour.

Mr. COLDWELL: There has been an increase?

Mr. GARDINER: Yes, very materially.

Mr. MARSHALL: Would the minister give details of the item, "Appropriation not required for 1939-40"? In answer to a question which I asked of the minister on February 16, as reported at page 1044 of *Hansard*, concerning the "appropriation not required for 1939-40, $76,700," in connection with a previous vote, the minister replied:

> The $76,700 is not taken out of this service. It was voted last year for buildings, and is not required this year because the buildings have been erected.

Upon investigation I find that buildings have nothing whatever to do with these particular votes, and I should like to have the break-down of this amount of $54,515, which is the appropriation not required for 1939-40, and is a credit.

Mr. GARDINER: I do not know where the hon. member made his inquiries, but I am informed by the officials who handle these matters that the $76,700 was the amount voted in our supplementary estimates last year for buildings, which have been constructed. This other item of $54,515 was also voted in the supplementaries last year for buildings, but the buildings are now built and we shall not require the money this year for that purpose.

Mr. QUELCH: Can the minister state to what extent Canus wheat has proved itself drought resistant?

Mr. GARDINER: I understand that nothing substantial has been done in that direction. Some attempts have been made to get a wheat that would stand drought better than other varieties, but I am quite sure that the hon. member for Acadia will understand that it is difficult to get anything to grow under drought conditions.

Mr. HANSON: What progress has been made with respect to the experimental farm at Smithers, British Columbia?

Mr. GARDINER: The land was secured, and I understand that a considerable part of it is cleared and that the house and barns are under construction. Some experimental work was carried on last year, but the farm is not yet in full operation.

[Mr. Gardiner.]

Mr. HAYHURST: I notice from the details given on page 57 of the estimates that a number of forestry engineers and forestry assistants are employed in connection with the branch farms and stations. What is the nature of the forestry work they carry on?

Mr. GARDINER: There are forestry farms at Indian Head and at Sutherland, which is just outside the city of Saskatoon. These forestry farms are conducted for the purpose of producing nursery stock, which is distributed to farmers throughout the prairie sections of western Canada.

Mr. HAYHURST: Not any attempt at reforestation, but rather an attempt at beautification?

Mr. GARDINER: They are engaged in connection with that part of the prairie farm rehabilitation work which has to do with the planting of shelter belts and that kind of work.

Mr. COLDWELL: Will the minister give us some idea of what use is being made of this particular service at the present time? Is a greater use being made of it by the individual farmer? I know, of course, that a great deal of work has been done under the Prairie Farm Rehabilitation Act and many trees planted in certain districts. In my own constituency, around Conquest, valuable work has been done which has been greatly appreciated. I am wondering just what effect the planting of shelter belts has had on the drought, and if any difference has been noticed.

Mr. GARDINER: Well, there is an open question, of course, as to the extent to which it assists in the matter of drought. I think there is grave doubt whether it has anything to do with producing more rainfall. Rainfall rather produces trees than the reverse. Valuable work is being done at Conquest under the Prairie Farm Rehabilitation Act activities, also in the vicinity of Kindersley, which is west of Conquest, and at other points. There has been a marked increase of recent years in the planting of trees, that is trees secured from these particular places. I am not in a position to state the extent to which that is on account of the fact that people are not so well off as they were a few years ago, and they may not be using more trees but they are getting more trees at the places they can get them at least cost, that is the farms operated by the department. I understand that nurseries in these sections have encouraged the giving out of trees from the forestry farm, because they think it induces the planting of more and more trees in those vicinities, and so they do more business at times when

people can afford to purchase. But the trees that go out run into the millions. I am not in a position to give the number.

Mr. MARSH: Would the minister comment on the possibility of overlapping between the federal farms and the provincial farms? I note that this is a vote for $626,000, and that it is $10,000 less than last year. Governments of all kinds are coming in for a great deal of criticism for over-taxation because of over-government.

The CHAIRMAN: Order. I would point out to the hon. member that we are on item 14, not item 13.

Mr. MARSH: I will ask my question on another item.

Mr. GARDINER: The answer to the first part of the question, which does refer to item 14, is that there are no farms conducted by the provinces, excepting one in Ontario at Vineland, other than those which are associated with institutions, that is schools like the Guelph agricultural college and the farm which surrounds the Kentville school, which are operated in connection with the educational activities of the provinces. Only the provinces conduct activities having to do with education, and they have farms associated with those educational institutions.

Mr. THOMPSON: How many of these stations are there in Canada; how are they divided by provinces, and how many are there in each province?

Mr. GARDINER: There is one in Prince Edward Island at Charlottetown; two in Nova Scotia, one at Kentville and one at Nappan; one in New Brunswick, at Fredericton; six in Quebec. Does the hon. member require the names?

Mr. WEIR: What are those stations for?

Mr. GARDINER: They are experimental farms and illustration stations. Referring to the fourteen branch farm stations and illustration stations, I may say there are three in Ontario; one at Ottawa, one at Harrow, and one at Kapuskasing; two in Manitoba; five in Saskatchewan—all put there, by the way, before I was minister—two in Alberta; four in British Columbia.

Mr. SENN: I notice that this is one of the largest votes in the agricultural estimates. It mentions branch farms, stations, and illustration stations, and I believe that also there are some substations which have been set up under the Prairie Farm Rehabilitation Act. What is the difference between the operations in, say a branch farm, a station, an illustration station, and a substation? There must be some system under which the operations of these different farms are carried out, indicating what their objective is.

Mr. GARDINER: The branch farms are known as experimental farms. We have one central farm at Ottawa, and the others are known as branch farms. There are twenty-five of them. They are units which are doing some work that is supposed to be suited to the particular area in which they are located. Then there are what are known as stations, and they are rented sections of a man's farm. He is paid a certain rental for the land; he is allowed to grow certain crops, and he is allowed the proceeds of the crops. He carries on demonstration work under the direction of departmental officials for the benefit of those living in that community. They are illustration stations illustrating what has been learned on experimental farms elsewhere. The substations are of a little different type, usually rented as well. Some of them are owned by the government; but as a rule they are rented, the whole farm rather than just a part being rented, and operated for the carrying on of tests in connection with controlling soil drifting and work of that kind.

Mr. ROWE (Dufferin-Simcoe): How many are there per province?

Mr. SENN: Stations and illustration stations are mentioned. Is there any difference between the two? I understood from the minister that one is rented and one is not. There are a great number of illustration stations scattered throughout Canada, and some provinces seem to be especially favoured in regard to the number of illustration stations which they have. Could the minister tell us, while he is answering, what is necessary or in what way the illustration station is established? Does some particular community ask to have such a station in its particular vicinity, or how is the location of these stations determined, and when and where are they set up?

Mr. GARDINER: They may be asked for by people in the community or the department may select areas in which they think they should be. The branch farm is usually the parent farm in any particular province or area, and these stations are all included in the list which I read. Some of the farms in that list are what are known as experimental farms and the others are stations. The experimental farms are all owned and operated by the government. The illustration stations are farms which are rented from farmers and operated with the farmer himself having charge.

Mr. SENN: Just one more question. I notice that, for instance, a year ago there were in Saskatchewan fifty-one illustration stations; in Quebec there were also fifty-one; but in Ontario there were only seventeen. There might be one or two reasons for that. One, perhaps, is that the farmers of Ontario are a little better qualified to farm than are farmers in those other places; or it may be that they are not willing to ask for assistance or for these stations.

Mr. ROWE (Dufferin-Simcoe): Maybe they would not be granted.

Mr. LAPOINTE (Quebec East): They are so shy.

Mr. SENN: Maybe they should ask for them. But I should like to know why it is that so many more stations have been set up in some provinces than in others. It seems to me that we all need education along those lines.

Mr. GARDINER: These are the illustration stations:

British Columbia	18
Alberta	11
Saskatchewan	20
Manitoba	12
Ontario	17
Quebec	52
New Brunswick	18
Nova Scotia	15
Prince Edward Island	13

One of the chief reasons for the differences as between Ontario and some of the other provinces is that there has not been the same demand for them in Ontario. Why that is I cannot say. I suppose some members may think Ontario farmers do not require the same amount of instruction. Whatever the reason is, there is not the same demand.

Mr. SENN: Are those the figures for 1937 or 1938?

Mr. GARDINER: Those are the latest figures.

Mr. SENN: The figures in the minister's report for the year ended March 31, 1938, are much different from those he has read. There was a difference of five or six in British Columbia, and there were differences all down the line. Are these illustration stations closed from time to time and new ones opened up?

Mr. GARDINER: Yes.

Mr. SENN: What is the reason for closing them?

Mr. GARDINER: After an illustration station has completed its work, it is closed. For example, a station is set up in some area to demonstrate how a certain kind of land can be used. In a new section of Saskatchewan with which I am familiar, the growing of alfalfa seed has recently been developed. A few years ago there was no alfalfa seed growing there; the farmers did not think they could grow it. The natural thing is to establish an illustration station where it is found that the land is suitable for the purpose, and to indicate to the people what can be grown and in what manner. When that demonstration is completed and the people are conducting themselves as the department think they should, there is no further necessity and the expenditure is made somewhere else.

Mr. SENN: May I offer one suggestion? I do not find fault with these illustration stations; they do a great deal of good. The minister, however, might attempt one other thing by way of illustration. I suggest that somewhere in Ontario he set up an illustration station to demonstrate to the farmers how they can conduct their farms on a paying basis. If that were done, more good would be accomplished than by all the other illustrations that can be given the farmers. It is worth trying, because if we are to be taught this and that at stations, and by officials who are experts in their own line, they might be able to demonstrate to the farmers of Ontario and in different parts of the country how to conduct their farms so as to make them pay. It is a burning question in Canada to-day.

Mr. HARRIS: I believe the minister said there were eighteen stations in New Brunswick, fifteen in Nova Scotia and thirteen in Prince Edward Island. How many of these are devoting their energies along the line of fox farming?

Mr. GARDINER: Eight of them are fox farms.

Mr. HARRIS: In New Brunswick?

Mr. GARDINER: There are three in New Brunswick, three in Nova Scotia and two in Prince Edward Island.

Mr. HARRIS: The work that is being carried on in these particular stations is of a very high class and is having a beneficial effect on that particular industry. The man in charge of the experimental station just outside Summerside as well as the man in charge of the illustration station, I have reason to know, are doing wonderfully good work, and I should like on behalf of the industry to compliment the department upon having such splendid men as these in charge of that particular work. They have taken a real interest in it.

Mr. PERLEY: How many illustration farms are operated with the farmer in charge?

Mr. GARDINER: All the illustration stations.

Mr. PERLEY: In Saskatchewan?

Mr. GARDINER: Everywhere.

Mr. PERLEY: How many in Saskatchewan?

Mr. GARDINER: There are twenty illustration stations in Saskatchewan and thirty-one substations which are related to the prairie farm rehabilitation work. These are spread over the drought area. There are fifteen in Alberta and six in Manitoba.

Mr. PERLEY: As regards the substation at Regina, is the work carried on along the lines of experimenting with control of soil drifting?

Mr. GARDINER: Yes. The station at Regina is for the purpose of controlling soil drifting.

Mr. PERLEY: What is the result of the experiments at the Regina station?

Mr. GARDINER: They are carrying on two activities, one having to do with soil drifting and the other with weed control. Some of the work that has been developed in connection with soil control is to leave a sort of dressing of stubble and other material on the top, but it is generally recognized in the west that what holds the soil best, in the Regina district particularly, is rain, and if it does not rain, the soil blows in spite of everything one can do.

Mr. ROWE (Dufferin-Simcoe): What rental is given the farmers from whom these stations are acquired?

Mr. GARDINER: I think the best answer to that question is to read a summary of the contract that is entered into with those who operate:

1. A rental of $5 an acre is paid where the plots do not exceed one-quarter acre each. Usually this plot area does not exceed one acre. On this class of work the supervisor puts in all the crop and harvests it.

2. Where the plots are smaller than 1/20 acre each, the operator receives $25 an acre compensation for the loss of the crop on such small areas.

3. A rental of $3 an acre is paid where the blocks of land do not exceed three acres. The total area of such stations is frequently from twelve to fourteen acres. The operator handles all of this crop.

4. A rental of $1 an acre is paid for the district experiment substations in the P.F.R.A. area in the prairie provinces. Large scale work is undertaken with strip farming, cover crops and surface tillage in connection with soil drifting control.

On some of these district experiment substations small plot experiments are also conducted.

5. Special contracts have been made in connection with special work such as with cranberries, raspberries, hops and irrigation. None of these exceed $150 each. For certain operators along the line of the Hudson Bay railway, an annual payment of $5 per acre is made while some of these operators receive no payment whatever.

For pasture experiments no rental is paid but the fertilizer is supplied free.

6. Total maximum payments to any operator in eastern Canada is confined to less than $100.

In western Canada the limit is confined to below $200 for illustration station operators, while for operators of district experimental sub-stations the limit varies, being $1 an acre up to one section of land, plus payments for small experimental plots at the rates set for illustration station compensation. The upper limit, therefore, would not exceed $800 and usually is considerably less.

Mr. ROWE (Dufferin-Simcoe): Who is paid for putting the crop in; is it the farmer from whom the farm is rented? What is paid for the work done?

Mr. GARDINER: Nothing is paid to the farmer for his work. A rental is paid for the land on which the operation is carried on, but the farmer does all the work and gets the proceeds from the crop.

Mr. BROOKS: Is the farmer supplied with the seed?

Mr. GARDINER: Only where it is seed investigation work and where it is thought necessary to supply the seed because the test is of the seed.

Mr. HAYHURST: Did I understand the minister correctly to say that there are eleven illustration stations in Alberta?

Mr. GARDINER: I think that is correct, eleven of the one type and fifteen of the other.

Mr. HAYHURST: Where are the eleven stations located?

Mr. GARDINER: Iron Springs, Cheddarville, Rocky Mountain House railway station Dickson, Leslieville, Stettler, Sangudo, Chauvin, St. Paul, High Prairie, Fairview.

Mr. CHURCH: This particular item has grown by leaps and bounds since I have been in the house. Since the present minister has had control, there seems to be no thought of economy in the department. Look at this item 14, details of which are on page 57 of the estimates. I do not know where this standing army is going to end. And when one considers that the provinces have concurrent jurisdiction, why should the dominion establish a great big department like this?

Look at some of these items—it puts me in mind of the army and navy added together —Chief supervisor of illustration stations, same as last year; senior agricultural scientist, forestry engineer, eleven experimental farm superintendents, all kinds of things; forestry engineer, animal nutritionist and genetecist, fourteen more experimental farm superintendents, five senior assistant agricultural scientists, two assistant superintendents, one assistant chief supervisor, another forestry engineer, an assistant agricultural scientist—there is no deputy assistant—two tobacco specialists, we have plenty of them in the lobbies all day long; an animal nutritionist and physiologist at $2,520, twenty-one more farm assistants of all kinds and grades, supervisors, irrigation specialist—they are all specialists—eighteen farm foremen amounting to $35,000 this year, $28,860 last year, an increase of $7,000, and no doubt more votes will be obtained this year. Then clerks, grade 4, forest assistants, a graduate assistant—one more graduate, no doubt of the agricultural college, eleven head herdsmen, nine of these at $1,800, one at only $1,785, a $15 deduction. Twelve head poultrymen, head gardeners, head beekeepers, head plotmen, head gardeners, grade 3, a stenographer, five poultrymen, a greenhouseman, more clerks, beekeepers, stenographers, herdsmen, gardeners, a part time assistant to dominion animal husbandman, one only caretaker, no janitors, and temporary assistance amounting to $117,000. Then, on the next page printing and stationery, rents, supplies and materials, et cetera, and travelling expenses, make a total of $1,406,427.

Where is the money to come from to pay all this? It has to come out of the income tax and the sales tax collected from the industrial provinces. Talk about economy! I commend this to the publisher of the *Globe and Mail,* the friend of my friend the minister, to find out what economy there is in this. Ballots might well be sent to all the farmers in this country to find out what they think of this department which has grown by leaps and bounds. These estimates should be dealt with on the municipal system, and we could sit here and divide this million and a half dollars in half; let them get on this year with $750,000 to run this branch of the army; that would be plenty for this department. With that kind of extravagance in this department what is it going to amount to when they all add it up and where is the money to come from? In view of these treaties I should think we would need fewer officials in the Department of Agriculture owing to the changes which have been made in the agreements to which I have referred.

[Mr. Church.]

It is eleven o'clock; I move that the committee rise and report progress.

Mr. GARDINER: It is still one minute to eleven. Before the hon. member takes his seat—

Mr. CHURCH: I have not concluded my remarks.

Mr. GARDINER: —I should like to say that there are just the same number of employees in this branch of the department that there were last year.

Mr. CHURCH: I have not finished my remarks.

Mr. GARDINER: The hon. member moved a motion.

Mr. CHURCH: I have the floor. Both of us cannot talk at the same time.

Mr. GARDINER: There are just the same number as last year.

The CHAIRMAN: It is eleven o'clock.

Mr. CHURCH: That sort of thing may be all right in the Saskatchewan legislature, but it does not go here.

Progress reported.

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

Wednesday, March 22, 1939

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SUBSIDIES TO FLYING CLUBS

Mr. MALLETTE:

How many flying clubs, per province, are actually recognized by the government in the granting of subsidies to help develop aviators?

Mr. HOWE: Alberta, 2; British Columbia, 1; Manitoba, 2; New Brunswick, 1; Nova Scotia, 2; Ontario, 10; Prince Edward Island, 0; Quebec, 1; Saskatchewan, 3. Total, 23.

CANADIAN NATIONAL RAILWAYS—SALE OF SCRAP METAL

Mr. DOUGLAS Weyburn):

1. Are old box-cars and other railroad equipment being demolished in the Canadian National railways shops at Port Mann, British Columbia?

2. To whom is the scrap metal being sold?

3. Is such metal being sold directly, or indirectly through dealers, to Japan?

4. Is such metal being shipped on Japanese boats?

Mr. HOWE:

1. Not at present; forty-nine cars were demolished in 1938.

2. Scrap is sold by competitive tender.

3. No scrap is sold by the railway to Japan. The management have no information concerning disposition of scrap after it is sold by the railway.

4. See answer to question 3.

QUESTION OF EXISTENCE OF BUTTER COMBINE IN MONTREAL AND DISTRICT

Mr. LACOMBE:

1. Is it true that there exists in Montreal and surrounding district a combine in restraint of the trade of butter?

2. If so, what steps does the government intend to take to put an end to such combine?

Mr. ROGERS: No complaint has been received by the government in regard to an alleged combine in Montreal and surrounding district in restraint of the trade of butter.

*BELL TELEPHONE TOLLS AND CHARGES

Mr. CHURCH:

Will the Minister of Transport order an immediate inquiry of his own volition into all the tolls and charges of the Bell Telephone Company of Canada by the board of transport commissioners for Canada with a view to securing an immediate reduction of rates and tolls in view of the earnings and reserves of the company and the economies in operation the company has effected?

Mr. ILSLEY: I am authorized by the department to say that the subject matter of this inquiry is now receiving the attention of the board of transport commissioners.

DIGBY-ANNAPOLIS-KINGS INCOME TAX RETURNS

Mr. CAHAN:

1. What was the aggregate amount of personal income taxes shown by the income tax returns of residents of the electoral district of Digby-Annapolis-Kings, in the province of Nova Scotia, for each of the calendar years 1916, 1917, and 1918?

2. How many individual returns were included in the aggregate amount of personal taxes shown for each of the said years?

Mr. ILSLEY:

1. Not available.

2. Not available.

Statistics not maintained in such a manner as to give information requested.

Mr. CAHAN: I would ask the Minister of National Revenue (Mr. Ilsley) whether these statistics are available for any lesser area than a province. Is the province divided into districts for which statistics would be available? My desire is, in making certain economic studies, to ascertain what is the income, for instance, of a large apple-growing district. I thought of asking similar questions with regard to certain other districts which have distinctive occupations.

Mr. ILSLEY: I shall look into the matter and see if there is an area smaller than a province for which statistics would be available, and let the hon. gentleman know.

Mr. CAHAN: Thank you.

QUESTIONS PASSED AS ORDERS FOR RETURNS

JACQUES CARTIER BRIDGE PASSES

Mr. WALSH:

1. How many passes are issued by the national harbour board for the Jacques Cartier bridge?

2. To whom are these passes issued?

3. On what authority are these passes issued?

4. Who pays the deficit, if any, on the operation of this bridge?

CANADIAN NATIONAL RAILWAYS—MONTREAL TERMINAL

Mr. CHURCH:

1. On what date did the Canadian National Railways board of directors sanction the vote for the completion of the Canadian National Railways terminal at Montreal?

2. Will a copy of the minute of the board of directors and a copy of all reports on which they acted be tabled for the information of parliament?

3. What has been done to carry out the statute respecting coordination of services and eliminating duplication and waste on Canada's railways?

4. On what date did the government, or the Minister of Transport, deal with the question of the new Montreal terminal, and were the objections of those who wrote considered, and, if so, when, and by whom?

5. Did the government, or any minister thereof meet the Canadian National Railways board on the matter? If so, where, when, and with what results?

6. Will any order in council herein be tabled?

MOTIONS FOR PAPERS

GOVERNOR GENERAL'S WARRANTS

Mr. CASSELMAN:

For a copy of all orders in council passed since January 1, 1938, authorizing the issue of governor general's warrants.

THE KING V. WALKER

Mr. STEVENS:

For a copy of all correspondence, letters, telegrams and other documents exchanged between the Minister of Justice, from January, 1936, to March 17, 1939, and Mr. J. C. MacCorkindale, barrister, of Toronto, or any other persons in regard to the case of "The King v. Walker"; also any report made to the Minister of Justice or any official of the Department of Justice regarding the evidence of George E. McLay in regard to this case.

Mr. LAPOINTE (Quebec East): Mr. Speaker, I have looked into this file, and I find that it contains nothing which is not confidential. All matters connected with the exercise of the discretion of the Minister of Justice with regard to the prerogative of mercy are according to the rules and practice of the department, confidential and have never been tabled. However, I have no objection to allowing the motion to go through with this reservation, that only documents that may be produced will be brought down.

Mr. SPEAKER: Carried, with the reservation stated.

Motion agreed to.

BONUS TO DRY SALT FISH PRODUCERS

Mr. BROOKS:

For a copy of all correspondence, letters, telegrams and other documents exchanged between the federal government, or any department thereof, and the provincial government of Nova Scotia, or any department thereof, with reference to payment of contribution towards a bonus to "Dry Salt Fish Producers," from January 1, 1937, to date.

REESTABLISHMENT OF NOVA SCOTIA LOBSTER FISHERMEN

Mr. BROOKS:

For a copy of all correspondence, letters, telegrams and other documents exchanged between the federal government, or any department thereof, and the provincial government of Nova Scotia, or any department thereof, with respect to the cooperation of the two governments in assisting to reestablish lobster fishermen after the serious storm in Nova Scotia, in December, 1938.

PORT OF HALIFAX TRADE AND COAL TONNAGE

Mr. BROOKS:

For a copy of all correspondence, letters, telegrams and other documents exchanged between the federal government and the Nova Scotia government with reference to the resolution mentioned in the following paragraph from the speech from the throne, proroguing the Nova Scotia House of Assembly on April 14, 1938: "The resolution you have adopted regarding movement of trade and coal tonnage through the port of Halifax will be transmitted to the federal authorities."

INQUIRY FOR RETURN

QUESTION OF PREPARING NATIONAL REGISTER FOR DEFENCE, ECONOMIC OR OTHER PURPOSES

On the orders of the day:

Hon. FERNAND RINFRET (Secretary of State): Mr. Speaker, the hon. member for Broadview (Mr. Church) inquired about a return which was passed by this house on January 12 in reply to his question as follows:

[Mr. Stevens.]

1. Have any steps been taken by the government to secure a national register for Canada for defence or economic or industrial or labour purposes?

There were other questions to the same effect. I might say in reply that all the departments interested were communicated with by the Secretary of State's department and that a return was tabled on February 8 last containing all the information we have on this subject. Since the hon. member for Broadview has on a couple of occasions asked whether we could supply him with additional information, I must state to him to-day that all the information was tabled in the return of February 8.

Mr. CHURCH: Mr. Speaker, the government's reply to my inquiry as to what is the national policy for defence, for food power, economic matters and other matters referred to in my question was contained in one small paragraph. It gives no information whatever concerning economic power, man power, food power, military and defence power or a register of unemployment. The various ministers have not answered the question. We shall wait till doomsday before anything is done, or until the dictators arrive in Canada.

BUSINESS OF THE HOUSE

INQUIRY AS TO FURTHER LEGISLATION

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I would ask the Prime Minister (Mr. Mackenzie King) if he is prepared to tell us what further legislation is likely to be brought down before the end of the session. I ask it because of his own remarks some time ago regarding the end of the session. I think it would be of interest if he could tell us, and if he is not prepared to do so to-day, perhaps he may be in a position to give an answer to-morrow.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I shall be very happy to give a reply to my hon. friend, but possibly he might allow me until Monday to make a statement, by which time I hope to be able to have exact information.

SUBVERSIVE PROPAGANDA

REQUEST FOR INVESTIGATION INTO ACTIVITIES INIMICAL TO CANADIAN INSTITUTIONS

On the orders of the day:

Mr. A. A. HEAPS (Winnipeg North): I should like to direct the following question to the Minister of Justice (Mr. Lapointe). In view of the vast amount of propaganda being

carried on in Canada designed to undermine our democratic institutions and also to foster religious and racial hatreds, much of which emanates from abroad, will the government undertake a thorough public investigation into all forms of such propaganda?

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, the hon. gentleman kindly sent me a copy of the question he intended to ask, and I wish to give this answer. There is no doubt that some propaganda along the lines suggested by the hon. gentleman is being carried out in certain parts of Canada. More particularly certain scurrilous and offensive publications are doing their utmost to undermine democratic institutions. One of their methods is to abuse parliament and slander public men. They have not been interfered with, mostly because of their insignificance and to avoid giving them a publicity which they relish. In some cases it would seem that they are the tools of foreign agencies interested in their destructive work. We are keeping a pretty careful watch over their activities, and we are prepared to protect Canadian laws and institutions, if needed.

I personally believe that a public investigation, whether by a parliamentary committee or a royal commission, might become desirable as to the existence, the activities and the financial support of all associations or societies which are carrying on subversive work, inimical to the institutions of Canada, and the suggestion of my hon. friend will be duly considered as to opportunity, time and form of such possible investigation.

NATIONAL DEFENCE

REPORTED GERMAN NEGOTIATIONS FOR ATLANTIC AIR BASES

On the orders of the day:

Mr. D. J. HARTIGAN (Cape Breton South): I would ask the Minister of National Defence (Mr. Mackenzie), in view of reports to-day that Germany is negotiating with Iceland for a seaplane base in the north Atlantic, and Canada's vulnerability to attack from the air on the Atlantic seaboard, whether our air defence on the Atlantic seaboard should not be speeded up to completion without waiting for any interdepartmental committee or anything of that sort. The very latest report states that Germany is negotiating with Denmark for an aeroplane base on the Atlantic.

Hon. IAN MACKENZIE (Minister of National Defence): I have not seen the dispatch to which my hon. friend alludes, but I can assure him that very aggressive steps will be taken during this present year for the development of airports on the Atlantic coast.

PRIVILEGE—Mr. LACOMBE

SPEECH DELIVERED BY THE HON. MEMBER FOR DORCHESTER AT MONTREAL ON MARCH 17, 1939

On the orders of the day:

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, I rise to a question of privilege. The hon. member for Dorchester (Mr. Tremblay) is reported in the newspaper *Le Canada* of March 18, 1939, as having made the following statement at Montreal on the 17th instant at a meeting of the Mercier Liberal Association:

> The most strenuous opponents of national defence have been the Communist groups. It is they who have sent to Ottawa the largest number of protests against any increase of appropriations intended for the protection of Canada and more particularly of our west coast. The Communists do not want us to protect our own country against foreign attack, but they ask us to go to fight in Europe. Their attitude is strange, to say the least, since Soviet Russia, whose dangerous policies they approve, has the most powerful army of any country in the world.

Since the hon. member has not yet seen fit to repudiate this statement, I have reason to believe that he persists in the opinion he has thus expressed. Therefore, as it is not only my right but my duty to defend my honour as representative of Laval-Two Mountains in the House of Commons, I energetically protest against the hon. member's statement. I have always been irrevocably opposed to any increase in military appropriations, knowing that such appropriations would lead to our participation in foreign wars. My opposition remains irrevocable. Nevertheless I hate Communism from the bottom of my soul. I abhor its hideous and pernicious doctrine. I therefore refer the house and the hon. member for Dorchester—

Mr. SPEAKER: Order. I must ask the hon. member to be as brief as possible. Only the question of privilege can be discussed at this stage of the proceedings.

Mr. LACOMBE: I just wish to quote a statement which I made in the House of Commons on January 23 last. I respectfully submit that my case is not unlike that of the hon. member for Parry Sound (Mr. Slaght) who discussed at some length a statement of Mr. Herridge.

Mr. SPEAKER: Order. The hon. member is entitled to state his question of privilege, but I do not think he can be permitted to deliver a lengthy speech.

Mr. LACOMBE: I do not wish to make a speech; I am simply referring to a decision which you rendered yourself. This is what I said on January 23 last—

Mr. SPEAKER: Order. I do not think the hon. member is entitled to repeat his statement at this time. He will have other opportunities of stating his position.

WAYS AND MEANS

CANADA-UNITED STATES TRADE AGREEMENT—WITH RELATION TO DAIRYING, LIVE STOCK AND VEGETABLE OILS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of ways and means.

Mr. M. C. SENN (Haldimand): Mr. Speaker, I believe it is the time-honoured privilege which is accorded to representatives of the people to ask for redress of grievances and to bring before parliament matters of public importance when a motion of this kind is before the house or when the house is being asked to grant supply. I intend, therefore, to take this opportunity to bring to the attention of the house a matter which I think is of paramount importance to Canadian agriculture.

Farming in Canada is a highly diversified occupation. Many different branches of agriculture are carried on in this country. The nature of the production on Canadian farms depends largely upon a number of factors, such as climate, types of soil, proximity to markets and to consumer centres of population.

According to the classification made by the Department of Agriculture and by the bureau of statistics we have the following branches of agriculture: wheat growing, field crops, dairying, live stock, fruits and vegetables, poultry products, and several others. The ones I have mentioned are of major importance, and all of them return a considerable amount of money to the farmer.

I should like to give the house an idea of the relative importance of these different branches of agriculture, as indicated by the following figures which I took the opportunity of getting from the bureau of statistics, showing the value of these different lines of farming in the nine years from 1930 to 1938 inclusive:

Product	Value (in round figures)
Wheat	$1,557,000,000
Other field crops	2,930,000,000
All farm animal products, including wool	1,064,000,000
Dairy products	1,805,000,000
Poultry and eggs	482,000,000
Fruits and vegetables	375,000,000

I ask the house to note particularly the importance of the dairy industry and the live stock industry as indicated by the figures I have just given. Dairying stands second and live stock fourth in order of importance. The last census returns show that in Canada we have approximately 730,000 farms. More than half, probably two-thirds, of the farmers derive a considerable portion of their income from either dairying or live stock. Anything, therefore, which may have an adverse effect upon either of these two great branches of our agricultural industry should be carefully considered, and, if possible, measures should be taken to alleviate the situation.

In recent times increasing numbers of our cattle, sheep and hogs are being slaughtered and processed in the abattoirs of Canada. The price which the farmer receives for this live stock is determined, at least partly, by that which is received by the packers for the sale of the products and the by-products.

Animal fats in particular, in the form of edible and inedible lard and tallow, are one of these important by-products. It is estimated that each hog slaughtered in Canada will produce approximately fifteen pounds of lard. Each 1,000 pounds of cattle or sheep slaughtered will produce forty pounds of tallow. On this basis the average anual production of lard in this country is approximately 90,000,000 pounds and of tallow, some 100,000,000 pounds. If we add to this the annual production of creamery butter, amounting to some 270,000,000 pounds, and the annual average production of dairy butter amounting to some 100,000,000 pounds, we have altogether a total of approximately 560,000,000 pounds of edible animal fat produced in Canada annually.

The hon. member for Danforth (Mr. Harris), who, by the way, is my desk-mate, when speaking on this matter in the house in 1937, stated that the best authorities on dietetics placed the amount of fats required by human beings to maintain life in a climate like that of Canada at fifty pounds per person annually, which would mean that we require in this country each year 550,000,000 pounds of fat for human consumption. I believe that these estimates are well within the mark; they are quite conservative, so that the Canadian dairymen and live stock producers should be in a position to supply our human requirements or very nearly so.

In addition to these figures there is also a considerable amount of inedible fat produced in Canada—I refer to animal fats—which is also being displaced by the use of vegetable oils in the manufacture of soaps, grease and so on. In view of the figures I have just given, it seems to me that no one can fail to look with alarm upon the enormous annual increase in Canada's importation of vegetable

oils. This importation is accompanied, of course, by a corresponding increase in the manufacture and sale of vegetable oil shortening in Canada and, as well, in the use of the inedible portion of these oils in the manufacture in Canada of certain products such as soap, lubricating greases and so on.

I should like now, if I may, to give the house a table of figures showing how these importations are increasing. It is true they are not listed as foods in the tariff item, but as a matter of fact they are refined and a very large proportion of them is used as food for human beings. The importations during the fiscal years I shall enumerate were:

Year	Pounds
1933	84,000,000
1934	116,000,000
1935	148,000,000
1936	195,000,000
1937	251,000,000
1938	255,000,000

These, in round figures, were the importations of vegetable oils in the years mentioned. I am sure the house will be struck with the rapid increase in these importations. These oils enter Canada in steamer loads at a very low price, absolutely free of duty, with the exception of a three per cent excise tax, and they are imported by a few firms whose processing costs are relatively inexpensive. After being refined, a large proportion becomes edible and enters into human consumption. I wish to give figures showing the tremendous increase in the production of vegetable oil shortening in Canada. The production in Canada, in the following years, was:

Year	Pounds
1932	61,000,000
1933	67,000,000
1934	88,000,000
1935	103,000,000

Since that time it has been impossible to obtain accurate figures showing the amount of vegetable oils produced in this country, owing to the refusal of the bureau of statistics to make public the figures of vegetable oils produced by two of the large competing companies in Canada. However, if we estimate the production last year according to the proportions of vegetable oils that were refined and used as human food in other years, it will easily amount to 145,000,000 or 150,000,000 pounds.

In addition to these vast amounts of vegetable oils which are rendered edible by processing and which are used for human food, there is a large proportion of the content of imported vegetable oils which is sold and used in the manufacture of certain commodities such as soap, and so on. It cannot be denied, I do not believe anyone will dispute the fact, that because of the use of these imported oils there is a corresponding displacement of animal fats in the markets of Canada, and of butter, lard and tallow in use in our Canadian homes, and in manufacturing as well. Prices of butter in this country are to-day relatively low, and are in many instances below the cost of production. One cause of this is the fact that for a considerable length of time we have had more than a normal surplus of butter, ranging from 10,000,000 to 15,000,000 pounds above the average of other years.

Undoubtedly a considerable quantity of vegetable oils has been used instead of butter as shortening in the processes of cooking and baking, and I believe it is also true that evidence is not lacking that a certain quantity of vegetable shortening is used as spread in place of butter. It is difficult, of course, to estimate to what extent this is carried on, but I venture to say—I do not think there is any doubt about it—that of the 150,000,000 pounds of vegetable shortening produced and sold in Canada last year, sufficient was used in place of butter to account for the abnormal surplus of butter we have on hand at the present time.

In addition to the replacement of Canadian butter by the use of vegetable oil shortening, there is a corresponding or even a greater displacement of lard and tallow which are rendered from the fat of hogs, sheep and cattle. In restaurants and bake-shops, and in many private houses particularly, because of the intensive campaign of advertising which has been carried on by those companies that are refining vegetable oils and placing them on the market, these are being used rather than Canadian products.

I can recall distinctly the agitation and the debates that took place in this house between 1922 and 1924 regarding the manufacture and importation of oleomargarine. There was at that time a keen division of opinion respecting the matter. It was necessary for a bill to be introduced each year to authorize the continued manufacture and importation of oleomargarine. It was not until 1924 that no further bill was introduced and oleomargarine no longer allowed to be produced in or imported into Canada. I think it is within the memory of many hon. members that between 1925 and 1930 there was a constant annual increase in the importation of New Zealand butter. This increase continued until the dairy industry of this country became so alarmed, and there was such an insistent demand to revoke the order in council which allowed New Zealand butter to come in under a duty of one cent a pound, that it was finally revoked, I believe, when

the budget was brought down in 1930 by my hon. friend who is now Minister of Finance (Mr. Dunning). If importations of these small amounts of oleomargarine and New Zealand butter had the effect of injuring the dairy and live stock industries of Canada, as evidently the farmers of Canada believed they did, how can we sit quietly by at this time and watch the large importations of vegetable oils entering this country and replacing our Canadian produced animal fats, without taking any action whatever?

Fluctuations in the price of by-products manufactured from slaughtered cattle, hogs and sheep, have, as I have already stated, a direct effect upon prices paid to the producer for those animals on the hoof. Prices quoted in the live stock markets and the stockyards are based on the returns received from every part of the animal when processed; the better the market for the by-products, the more the farmer should get for the live animal.

Mr. Stanley McLean, president of Canada Packers, Limited, delivered an address before the Holstein Breeders' Association at the Royal York hotel in Toronto in 1936. He is reported in the *Globe and Mail* of that date to have stated that the granting of an application, made by certain interested parties, which was then before the tariff board, would probably increase the price to the farmer one-fifth of a cent a pound on cattle and one-third of a cent a pound on hogs. Subsequently a statement was made to the tariff board by those who made the application; they also stated that if their request were granted, the additional return to the farmer would be about $1 a head on every hog and at least $2 a head on every finished cattle beast sold. A conservative estimate based on these figures would indicate that Canadian farmers are losing about $6,000,000 annually in the price which they receive for their cattle and hogs owing to the increase in the use of vegetable oils and fats and shortenings in this country.

For a number of years we had a good market for Canadian lard in the British isles. We were able to export our lard at attractive prices; because of that the price of lard remained at a fairly good level until a year or two ago, when prices dropped in the British market, and we have now lost that market entirely, or nearly so. In 1936, another thing happened which had a detrimental effect upon the lard producers of this country. The government of the United States passed the Bailey amendment imposing on all fats entering that country an excise tax of three cents a pound over and above the regular rates which were in effect at that time. As a result of this action our market in the United States for our surplus fats has been practically lost, and prices of animal fats in Canada have accordingly dropped to most unprofitable levels. This excise tax was of course also applied to vegetable oils imported into the United States. In certain instances an additional processing tax of three cents a pound, and 4½ cents a pound on another group of vegetable fats entering the United States, was imposed. These taxes had the immediate effect of decreasing by about twenty per cent the amount of vegetable oils entering the United States. The effect of this was immediately felt by producers of animal fats of different kinds over there. It also resulted in a reduction of from 30,000,000 to 40,000,000 pounds in Canadian fats entering the United States, which had a very serious effect upon prices of lard and tallow in Canada.

Early in 1926 an application was made to the tariff board by a group of packing house companies not interested in the importation and processing of vegetable oils, together with the national dairy council and manufacturers of inedible animal greases, fats and oils. They applied for revision of the customs tariff on all fats and greases entering Canada except butter and cream. The hearing of this application took place on December 9, 10 and 11, 1936, over two years ago. Yet, as far as I am able to learn, no finding has been brought down. I believe the hon. member for Comox-Alberni (Mr. Neill) asked a question of the Minister of Finance yesterday, and if I understood the minister's reply correctly, no finding has yet been brought down. I cannot imagine that the tariff board has not reached a decision on this matter in two years. It is difficult to know why its finding has not been submitted to the finance minister, unless it be that perhaps he is not anxious to have it.

Mr. DUNNING: I am very anxious.

Mr. SENN: If the minister is anxious at the moment I think he should have been anxious a little earlier; for I fancy that if he had demanded it, it would probably have been brought down. I am not going to accuse him of deliberately abstaining from asking for it, but I am afraid that at least he did not press for it.

Mr. DUNNING: I shall answer my hon. friend in that regard later.

Mr. SENN: This question was dealt with on the floor of the house in 1936 by my colleague who sits to my right (Mr. Harris), and it has been discussed every year since in this house, so that the finance minister and

the government cannot plead ignorance of it. They must be alive to the situation and what is going on.

The action taken by the government of the United States is in direct contrast with that of the government here. I have already told the house of the measures taken by the administration of that country to protect the interests of farmers producing animal fats in the United States. I am making this statement at this time in the hope that something may be done in the near future for farmers producing this line of goods in Canada.

It is true that there are in this country certain interests who are opposed to any action being taken. But I point out that the action which was taken by the United States government in imposing excise tax and processing tax upon the importation of vegetable oils into that country did not increase the price over there of the different brands of vegetable oil shortenings produced in that country. As a matter of fact, although these oils enter Canada entirely free of duty and with no excise tax, prices in Canada and the United States to-day for vegetable oil shortenings are practically on a par. I had a report a few days ago which quoted vegetable oil shortening in tierces in Chicago at nine cents a pound, and in Toronto at eight cents a pound. But adding the sales tax of eight per cent to the Canadian price makes them practically equal.

No matter how important foreign markets may be, the fact remains that the home market is the farmer's most valuable asset. He has to buy in a protected market. I believe that the Canadian market should as far as possible be preserved for goods manufactured in Canada. But I am equally convinced that Canadian farmers also should as far as possible enjoy the full benefit of the home market. They should not be placed in the position of having their products pushed off the home market and undersold by cheap substitutes imported free of duty from countries with low standards of living and low production costs.

Our friends on the government benches, I know, always shy away at the word "protection." They seem to have an obsession against tariffs, or at least the government seem to be afraid to impose customs duties for fear of offending some of their supporters. It is true, of course, that they leave in effect customs duties already imposed; but why should we attempt to protect the Canadian dairyman, for example, by placing and leaving in effect a duty of five cents a pound on butter, while at the same time we allow vegetable oils to come into this country absolutely free of duty in order to take the place of that butter? Why should a tariff be imposed on the importation of lard in order to protect producers of lard in this country, while at the same time we allow vegetable oils to come in absolutely free?

Yesterday we heard an hon. member on the government side compliment the Minister of Finance upon a small reduction, amounting to some 12½ per cent, in the duty on cream separators. On a separator costing $100 this would mean about $12, if the purchaser got the full benefit of the reduction. The life of a cream separator is at least ten or twelve years, which would mean that the dairyman who bought that separator would benefit to the extent of possibly $1 a year. At the same time we allow these vegetable oils to come into this country to replace butter and all kinds of animal fats. Up to the present nothing has been done about the matter, although the government has known of the situation ever since it has been in office.

I know it is useless to ask the government to impose duties for the protection of the dairymen and live stock producers of Canada, but in conclusion I should like to suggest that they might at least follow the course that has been pursued by the government of the United States and impose some processing tax or excise duty. I warn the government that the situation is bad; it is growing worse and becoming more critical as the days go by.

Hon. W. E. ROWE (Dufferin-Simcoe): Mr. Speaker, the subject under discussion is one which deeply affects the business in which I am interested, that is, agriculture. I believe it is highly important that the government should give careful consideration to the remarks of the hon. member for Haldimand (Mr. Senn) and the sound logic of his arguments; and because of the urgency of the situation I cannot resist the temptation to express my approval of what has been said by the hon. member.

There are two features I should like to discuss, without unduly trespassing on the time of the house and without repeating what has been said so well by the hon. member, in reference to the increasing importations of vegetable oils into this country. In the first place it is vitally important that we protect the health and sustenance of our own people. In the second place we should seek to bring about national prosperity by maintaining agricultural stability. Nature has provided vegetable oils for use as foodstuffs in tropical zones, but in the cold and rigorous climate of this country it has long been recognized that animal fats provide better food for our people. So I think we should discourage the growing

tendency to depend upon foreign producers of foodstuffs. If we engaged in a world war it might be very difficult to bring to this country fifty steamers, each carrying the equivalent of a trainload of vegetable oils, which we would have to do in order to maintain the importations of the last few years. Since a very large percentage of these huge shipments has been made up of edible oils, I believe this is a factor that must be seriously considered at this time.

We have seen this dangerous competition to Canadian producers growing in this dominion for many years. As the hon. member for Haldimand has said, I recall that a few years ago, when four or five million pounds of oleomargarine were being consumed in this country, many members of this house rose almost in rebellion against the importation or manufacture of this commodity. As a result the government of the day, which I believe was supported by the party sitting opposite, prohibited further importations of oleomargarine by means of increasing the tariff. To-day we find 255,000,000 pounds of vegetable oils flooding our markets, and our people becoming more and more dependent upon this type of foodstuff.

I mention that as a matter of vital importance to the consuming public of this country. I believe it is highly important that we should maintain a sound agriculture in Canada, and in my opinion the stability of this great industry can be best brought about by developing greater diversity of production. I think this would have a direct effect on the greatest problem facing Canada to-day, namely that of the employment of our people. Last year I suggested that the government, through the economics branch of the tariff board, carry on a methodical research in order to ascertain the effect of these huge importations of vegetable oils on the live stock industry of Canada. So far as I know no such research has been undertaken, in spite of the fact that our importations last year showed an increase over the year 1936 of approximately 60,000,000 pounds.

The importance of this issue has been emphasized by the hon. member for Haldimand, but I should like to remind the house once more that there are 750,000 families on farms throughout Canada, and in addition an enormous number of hired men employed on these farms. Over 500,000 of these farmers are breeders of live stock, with over $4,000,000,000 invested in lands and buildings; and it must be remembered that climatic conditions in Canada force those engaged in the production of animal fats and dairy products to house their live stock with some care and at considerable expense. We have 500 million dollars invested in live stock, over 600 million dollars invested in equipment, and the agricultural industry pays 100 million dollars annually to the wage earners of this country. It pays $54,000,000 in property taxes. I mention only these few features to remind hon. members that the farming industry has always been regarded as the backbone of Canada. Many hon. members have been in this house much longer than I, but they will remember that at least ten years ago I urged upon the government the dangers of a lopsided development of our Canadian agricultural industry. Since that time I have watched a continuous lopsided development. Yesterday we amended the Prairie Farm Rehabilitation Act, a piece of legislation which will cost this country two or three million dollars. Last year we paid $60,000,000 as a wheat bonus to relieve this lopsided development. What has this government done? In fact they did nothing from 1921 to 1930 by way of a study of this all important problem. This government's policy has shown a tendency to develop in such a way as to threaten the very lifeblood of Canadian agriculture. I have stated in this house that the time would come when we would regret this lopsided development, when we would regret not having encouraged a greater diversification of production in this industry. I well recall what one of my friends from western Canada said to me at that time. He was a delightful gentleman who sat down here to my left, but even he was defeated at the subsequent election. He said that we did not understand wheat production, that western Canada would always be the bread-basket of the world. He felt that they were almost guaranteed dollar wheat for many years to come. Only one year afterward, every elevator in this dominion was loaded up with unsold wheat.

I have heard the idea advanced on scores of occasions that we must buy where we can buy the cheapest, that only in such countries could we hope to sell the wheat produced on the vast prairies of western Canada. Since I have been a member of this house I have seen one after the other of those countries raise their tariffs. I shall not take the time to refer to them individually, but every member within the sound of my voice will recall that those countries raised their tariffs, in many cases to a point where the duty imposed was more than the price of Canadian wheat. We might as well face the facts. Through a haphazard agricultural policy we have risked the future prosperity of Canada. We have placed ourselves at the mercy of the whims of foreign countries. We must face the chances of weather conditions throughout the

world and compete with chemical substitutes which have been developed to take the place of flour made from No. 1 northern wheat, which we were told so often was impossible of substitution.

Mr. LANDERYOU: Is the hon. member suggesting that we should diversify our agricultural endeavours in western Canada?

Mr. ROWE (Dufferin-Simcoe): That is only part of the great national issue. My hon. friend probably knows better than I that there has been a rapid development in the diversification of agriculture in his own province. I ask the hon. gentleman not to raise any argument in connection with this issue, because it is too important. I challenge any hon. member within sound of my voice to show me any country whose agriculture has been maintained down through the years with the production of wheat alone. We have seen this lopsided development all along the line; all one needs to do is to look around.

Mr. LANDERYOU: If we were to increase the production of dairy products in western Canada along with pork and things of the kind, what would happen to the markets of Ontario?

Mr. ROWE (Dufferin-Simcoe): Before we worry about the markets of Ontario for pork products, I suggest that we first fill the quotas provided by the empire trade agreement of 1932. I suggest some of this production would be consumed by the additional hired help that would be necessary to carry on the development of mixed farming activities. Although my farm is slightly larger at the present time, on many occasions I have kept four heads of families employed on 100 acres. As compared with that, it is possible for an ablebodied man to farm 600 acres planted in wheat alone with the type of machinery that has been developed in recent years. No other avenue of endeavour in this dominion offers more possibilities for the establishment, not only of remunerative employment, but also of happy homes. I am referring to employment because the hon. member has brought it up.

All I ask the hon. member to do is to look across the border at the state of Minnesota. Within the lifetime of the youngest member of this house, that state produced more wheat than Alberta and Manitoba combined. Thirty-five or forty years ago no doubt the prairie farmers of Minnesota felt that state would be a great wheat producing district for many long years to come. But a gradual diversification of production was brought about as a result of climatic conditions, loss of fertility of the soil, and other causes. Minnesota produces only a small amount of wheat compared with what she produced some years ago, but she now produces more dairy products than the whole of the Dominion of Canada. This is the type of diversified and intensive agriculture which has kept the farms of Europe fertile for a thousand years. As I have said, we cannot keep on forever robbing the soil of its fertility. You cannot wisely continue to encourage only one product and depend solely upon an export market for its disposition, and depend upon the whims of every government of the world.

We are considering a plan under which the treasury of Canada is to provide $50,000,000 or $60,000,000 for one section of the dominion in order to encourage the production of an article which the world seems to desire less to-day than it did a few years ago. I suggest to the government of the day that they stop, look and listen; that they notice the signs of the times. In other words, they should come up to date and encourage the type of industry which will not only provide more employment but bring about more stability in national income and exports. There is an old agricultural saying that one should not put all his eggs in one basket. That adage was never more sound than it is to-day, so far as Canadian agriculture is concerned.

To my mind the basic stability of Canadian agriculture depends upon the effects and influences of three distinctive things. It depends, first, on markets for our products; second, on productive efficiency, and third, on soil fertility. If anyone can show me that the trend of the agricultural policy of this government has assisted in any one of these phases, I will say that this government might have a chance to return to power. But nothing has been done in that direction since 1935. In fact nothing was done by the same party between 1921 and 1930 to develop Canadian agriculture on a sound and stable basis.

Mr. TOMLINSON: What did the government do between 1930 and 1935?

Mr. ROWE (Dufferin-Simcoe): When we brought in the empire trade agreements, I say to the hon. member for Bruce (Mr. Tomlinson) that we did more for agriculture than was done by this government in its whole existence. The Minister of Finance shakes his head at that, thinking I am perhaps extravagant.

Mr. DUNNING: I do.

Mr. ROWE (Dufferin-Simcoe): If he will review the record of his government so far

as markets are concerned, and as to policies which have helped to maintain the fertility of the soil, I think he will agree with me.

Mr. DUNNING: I am quite sure that my hon. friend is wrong about that, so far as it relates to me.

Mr. ROWE (Dufferin-Simcoe): Convince a man against his will and he is of the same opinion still; I shall not pursue that any further with the Minister of Finance. But I suggest to him that before bringing down the budget of this year he consider carefully having reports from the tariff board, and consider also the advisability of giving to the farmers of this dominion similar protection to that which our industrialists enjoy. I say further to him that if he does not do that, he will not write the next budget that is brought down in this house.

For many years we had greater exports to markets overseas for our live stock products than we have now. My hon. friend shakes his head. May I remind him that we sold more live stock products in the British market in 1921 than we have sold in any year since. We sold more cheese 30 years ago by far than has been sold since, and we sold more live stock products by millions of dollars in 1921 than this country sold of wheat in that year. We have had a government now for some years with a wheat complex. May I remind the minister that the greatest market for all our Canadian agricultural produce is the home market; for every dollar the home consumer spends for Canadian wheat he spends eight dollars for live stock and dairy products. The ratio is 8 to 1. We consume in our home market from 80 to 85 per cent of our agricultural products. Contrast that with our sister dominions, Australia and New Zealand. They export about 85 per cent of their agricultural products and consume 15 per cent, while we consmue about 95 per cent and more of our live stock and dairy products and other products of intensified agriculture. The large consuming markets for our live stock products and the products of our intensified agriculture, such as poultry, fruits and vegetables, are along the seaboard, in Montreal and other large centres like Toronto.

May I remind my western friends that it costs a great deal to bring their products from the west to the east. It costs $3.33 a hundredweight to bring their butter east, while vegetable oils from overseas competing with our Canadian animal products arrive at the port of Montreal by paying 25 cents a hundred.

Mr. LANDERYOU: Is there not a surplus of butter in Ontario right now?

[Mr. W. E. Rowe.]

Mr. ROWE (Dufferin-Simcoe): Yes, we have a surplus of dairy butter. We had at the beginning of the year about 44 million pounds, and we are importing 255 million pounds of vegetable oils—167 million pounds approximately of the edible type. There has been a reduction of seventy per cent in the consumption of dairy butter for bakery purposes during the last eight years. I submit that the 44 million pounds of butter that await a market to-day might well be consumed in this country if we consumed it at the same rate as that at which we are using imported vegetable oils.

I mentioned a tariff on vegetable oils. I realize that it might be difficult to place a tariff on vegetable oils; I would suggest rather the imposition of a processing tax that would equalize the conditions between our farmers and those who produce under more favourable conditions. It is so easy in tropical zones to produce vegetable oils very cheaply, and it is unfair for any government, whether Liberal or Conservative, to maintain high tariffs for the protection of our soap makers, cake makers, biscuit manufacturers and other processors and refuse similar treatment to our farmers. Our farmers have very high expenses compared with those of farmers in tropical countries, where people scarcely need to wear clothes, let alone to house their cattle. This government should be alarmed at the increase in the importations of vegetable oils. When you stop to think that we import more vegetable oils than we produce of dairy butter, surely it is time for the government to take cognizance of the situation. I know that farmers even on the other side of the line view with amazement the inaction of the Canadian government on this issue, and I can quite understand as I read from "American Farmer" their saying "before we try to help the Canadian farmers by the United States agreement we have made with that country, they ought to be protecting their own market."

We have in Canada great possibilities, but the inaction of the government makes one doubt whether under its policies agriculture can be maintained as our great basic industry. We live in a cold climate, and in live stock production the cost of barns in old Ontario, and in some parts of western Canada, is almost as much as the farms are worth to house the stock.

I think we must consider carefully the maintenance of our home market. All who are within sound of my voice will agree that our huge importations are seriously affecting

the live stock industry of this country, and threatening to affect it very seriously in the years to come.

Another means of encouraging stability in agriculture in this country is through productive efficiency. By that I mean, not the individual efficiency of the farmer but the efficiency of our country, our national efficiency. This government should lose no time in making a careful survey of agricultural conditions. Nobody knows what their policy is; in fact, they scarcely know from one day to the next what it is going to be. One day it is a bonus on something of which we now have too much; another day it is a bonus for acreage on which less is going to be produced; all this, in an endeavour to get away from that vicious word "protection." Yet they grant subsidies up to $60,000,000—which I submit is a more vicious policy than the protection applied to any industry in Canada. At the same time they remove the excise tax on products coming into this country, although they need revenue very badly. I am amazed that the Minister of Finance (Mr. Dunning) has stood for that. On his right he has the Minister of Agriculture (Mr. Gardiner), paying $60,000,000 for the production of something which we cannot now sell. On his left he has the Minister of Public Works (Mr. Cardin), waiting to spend $100,000,000 for election purposes, and on his own desk he can read where he is going to have what will probably be a huge deficit. He will surrender twelve to eighteen million dollars of revenue by the removal of the excise tax, and at the same time watch the Minister of Public Works throw twelve million dollars into a sink-hole in Montreal for a terminal which is not required.

I am satisfied that when we have national planning based on a national survey, agricultural development will follow. We have watched the progress of the United States during the last few years.

I believe that in 1933 we imported a small quantity of palm oil, about 287,000 pounds. But after it was found that it could be made more edible, imports increased until in 1938 we brought in over 70,000,000 pounds of that product. The hon. member for Haldimand (Mr. Senn) has pointed out what has been its practical effect on the live stock producers of this country. Mr. J. S. McLean, of Canada Packers, Limited, has stated that it did not mean very much to those of us who are engaged in farming. He said it represented only twenty cents per hundredweight on cattle and thirty-three cents per hundredweight on hogs. Well, on our present production that would mean $8,800,000 a year. I submit that even those who are engaged in other enterprises will agree that an additional income of nearly $9,000,000 would stimulate production in other lines of business. There are many farmers throughout our districts who would spend a little more if they had a little more to spend. I know of many farmers' wives who could do with a new suit this spring; many of whom have not bought one since this government came into power. I know many of our people who would buy new equipment if they could get a share of that $9,000,000. It would certainly mean something to the general business activity of this country.

Mr. LANDERYOU: How about the Bennett buggy?

Mr. ROWE (Dufferin-Simcoe): Well, even the Bennett buggy is better than to have to walk, as many people have had to do during the past two or three years. I wish to point out that such an increase in the value of what we produce has an effect on the value of farmers' holdings. When it is remembered that we have about eight and a half million cattle and three and a half million swine, it will be realized that this would mean a difference of about $23,000,000 in the value of our farm holdings. To-day $23,000,000 would mean a great deal to industry, in its effect upon farm values, especially in view of the fact that many farmers cannot borrow from the bank, even though the roofs of their barns are falling in. All one needs to do is to ride across this country in an automobile or look out of a train window in order to see, on almost every mile or two of road, farm buildings which need repair. In some places new roofs are required; in others new fences could well be built. Everywhere one can see possibilities for a general stimulation of industrial activity if the purchasing power of our farmers was increased.

The matter I have raised affects not only the present and temporary income of our farmers and the national prosperity of Canada in this year 1939; but it increases the threatened development of a lopsided agriculture policy, which places dependence, on the one hand, upon one type of export, and on the other, upon one type of imported foodstuffs, until you not only threaten the consumer by imperiling access to his foodstuffs in time of war, but threaten the vital prosperity of this dominion. There is not an hon. member within sound of my voice, no matter how much he has depended in the past upon grain growing, but will agree with me that such a situation is rapidly approaching. I quite admit that it may not come this year.

I do not say that the condition of those farms in western Canada which blew away

from underneath the farmers' feet was caused entirely by this lopsided type of development, and I realize that prophecies are dangerous. But it is necessary only to read history to recognize that if that type of policy is persisted in, the grain grower who all down the years has depended upon wheat and wheat alone will find his farm again blowing away underneath his feet. The soil fertility of this dominion lies at the very basis of agricultural prosperity, and agricultural prosperity is the root of a sound national economy. We have gone on too long with this precarious type of economy, this haphazard type of policy, with little regard for the fertility of the mother soil itself. We are a young country with a history of only a few hundred years, but it is high time we planned a little for the future. In some districts the land is drying up, yet little action is taken towards water conservation or reforestation. We have seen the results of an agricultural policy which robs the soil and gives little back. And so long as this government admits each year fifty steamships, each carrying a train load of vegetable oil, most of it competing directly with live stock products in Canada, it is dealing an annual blow at a basic feature of Canadian prosperity, namely the live stock industry. It is the duty of the government to pause and turn its eyes to eastern Canada; to your old province, Mr. Speaker, and to mine. Rather than fix its attention only on vacant prairie lands with the idea of growing more wheat, let it try to work out ways and means and schemes by which those vast and fertile prairies may be safeguarded for the years that are to come.

These are some of the fundamentals upon which sound agriculture depends. The chief problem before Canada is the improvement of the conditions of her people. Our friends in the tropical areas do not even need to wear clothes, at least very few of them; and in their bare feet they can climb the trees and shake down the coconuts and have the oil run into huge pipe lines on steamers, loading very rapidly. A steamer will unload at Montreal and fifty tank carloads can be taken across the country. This is the condition which our farmers have to face—those farmers in your province, Mr. Speaker, in my province and in western Canada. Our Canadian farmers are trying to build up a system of intensified agriculture. They are putting up costly buildings on $5,000 farms. They have large herds of dairy cows worth, if they are good, $100 apiece. Those cows are producing 3½ per cent butter fat. But our friends in the tropical areas are shaking down coconuts which will produce 40 and 50 per cent butter fat. This is a problem which threatens the very life of Canadian agriculture.

We hear a great deal about unemployment, and we also hear about the theoretical employment policies of the Minister of Labour (Mr. Rogers). We have heard fine speeches from him, carefully worded phrases. We read them over and over again in the hope of finding something, but nothing is so barren, so far as any solution is concerned, as the fine theoretical speeches of the hon. member for Kingston City (Mr. Rogers).

In conclusion, Mr. Speaker, I say that the time has come for us to give encouragement to any line of industry which will produce employment. Is there any line of endeavour which will give more employment than diversified farming? You may get machinery that will take the place of men in various branches of industry, but machinery does not handle the fork in the stable or milk dairy cows successfully, or look after hogs, sheep and cattle. The line of industry that offers the greatest opportunity for increased employment and for home-building in Canada is mixed farming with live stock as its basis, and I ask the government to consider seriously its assistance and to endeavour to find a solution for the problem with which we are faced.

Hon. CHARLES A DUNNING (Minister of Finance): I do not intend to speak at any length on the subject introduced this afternoon by the hon. member for Haldimand (Mr. Senn), in connection with which we have just listened to an admirable stump speech from the hon. member for Dufferin-Simcoe (Mr. Rowe), which is always enjoyable—

Mr. ROWE (Dufferin-Simcoe): I do not like the "stump" part of it so well. You are pretty good at that yourself.

Mr. DUNNING: —except to say that it is a great pity the government which my hon. friend the member for Dufferin-Simcoe supported in 1932 did not have the benefit of the views which he has expressed to-day with respect to vegetable oils, because vegetable oils enter Canada to-day, and have done so ever since 1932, free of duty from those tropical areas from which they are garnered by the naked inhabitants to whom the hon. member has referred. And they so enter because of that very empire agreement made in 1932 to which he eloquently referred. That is all I wish to say in respect to my hon. friend's political references. There are many others who I know would desire to repay him in kind in that connection.

Vegetable oil is a problem—leave politics out of it altogether. It is a problem; there is no doubt about it. It has been before us now for some two years, and as hon. members know, a reference has been made to the tariff board in connection with the matter. Hearings were held, complicated as always by the fact that free entry, as I have said, was guaranteed under the preference created in virtue of the British empire agreements of 1932.

Mr. STEVENS: Free entry from where?

Mr. DUNNING: From British countries.

Mr. STEVENS: Not from the United States.

Mr. DUNNING: No. Something like eighty per cent of our total imports comes from British countries. At any rate, we do not face the problem unless we take into consideration the fact that the great bulk of our imports is from the United Kingdom and British colonies. I have here the figures showing our imports:

From—	Pounds
United Kingdom	75,000,000
Straits Settlements	40,250,000
Ceylon	35,500,000
China	26,500,000
Nigeria	15,000,000
United States	30,000,000

The item from China would not be affected by the British agreements of 1932. A small proportion of the whole comes from the United States. However that may be, everyone who is looking at the problem in the manner in which my hon. friend the member for Danforth (Mr. Harris), who has presented it on former occasions, looks at it, recognizes that it is a very difficult one to deal with tariffwise, as indeed the hon. member for Dufferin-Simcoe acknowledged.

I am advised by the tariff board that they have continuously kept up their studies of the matter. The only criticism I have of the hon. member for Haldimand is that he intimated that possibly I had discouraged the board in its efforts because I was not particularly anxious to have a solution of the question. Apart from the public grounds which should actuate a Minister of Finance, I ask, even on low political grounds, whether any hon. member thinks for a moment that I wish to give hon. gentlemen opposite another New Zealand butter issue just prior to an election. Even on low political grounds I would naturally be anxious to have a solution if one is possible. But on broader economic grounds, from the time the matter was first referred, I have been very anxious that the inquiry should be completed and a constructive report be in my hands as soon as possible. The board advise me that this inquiry has been one of the most involved technically that they have ever had to make. I am also advised, as I intimated to the hon. member for Danforth the other day, that I may expect the report in time for any action which the government may decide to take at this session of parliament. I have made inquiries since the regretted death of the chairman of the board as to whether the board's material in connection with the reference has advanced to such a stage that I may rely upon its being available for this session. I am advised that it will, and that being the case, I do not propose to debate the matter further at this stage.

I am satisfied that a careful, thorough and painstaking inquiry into a highly involved matter has been made, and I shall have to take the responsibility of advising the government as to what course should be followed when the report is in my hands, which I hope will be before very long.

Mr. T. A. THOMPSON (Lanark): I have listened with a great deal of interest to the addresses by the hon. member for Haldimand (Mr. Senn) and the hon. member for Dufferin-Simcoe (Mr. Rowe). They have made a fine presentation of a serious situation that confronts the dairymen of Canada at the present time. For several sessions I have called the attention of parliament to the great handicap that the dairymen and live stock men in Canada are labouring under by reason of a product made from vegetable oils imported from tropical countries, and also owing to the reduction in the tariff on butter. These two factors have contributed to the present depressed price of butter. Last year, 1938, we brought into Canada 5,500,000 pounds of butter. That came into a country which is producing more butter than it can consume. On January 1, 1939, we had almost 44,000,000 pounds of butter in cold storage, or 16,000,000 pounds more than the quantity in storage on January 1, 1938.

In Canada we manufacture some of the finest cheese sold on the British market, but our butter has not been looked upon very favourably there; in fact, it takes only fourth or fifth place. It is highly important that the farmers and dairymen of Canada should export their surplus milk in the form of cheese, and never attempt to make butter for export. Briefly, the reason is that we are competing with a country where the cattle graze outdoors the year round, where large herds are kept, where they can support a cow on every acre, not like the farms that the Minister of Agriculture (Mr. Gardiner) was

telling us about last night where it takes fifty acres to graze one animal. They milk twice a day and send the milk to large factories where it is made scientifically and uniformly into butter, grass butter, the year round; whereas in Canada we have to stable our cattle for six or seven months of the year and provide fodder for them. Here also we have only small factories, and the practice is to collect the cream two or three times a week. The cream comes into the factory in all states of acidity, so that it is difficult to make butter from it to compete with that of New Zealand. The butter we make in Canada is very good if it is used within a few weeks after it is made, but put it in cold storage for three months and it is rancid. New Zealand butter stored for three months is as sweet as the day it was made. Therefore it is impossible for us to compete with that country in butter.

The value of the dairy products made in Canada in the past ten years exceeded by many thousands of dollars the entire value of our wheat production; yet in this house we hear nothing but wheat, wheat. We vote millions of dollars every year to buy seed wheat; we peg the price for wheat, and last night we heard in this house of a scheme—which is no new scheme; it has been going on for some time—to irrigate land where it requires fifty acres to graze one animal, in order to try to grow wheat on it, a product that is already a drug on the market. Why are we bolstering up wheat all the time? Moreover, wheat is grown to any great extent, in only three provinces, namely, Manitoba, Saskatchewan and Alberta, while dairy farming is practised in every province. Dairying is far more important than wheat growing. The weekly cream cheque that came to farmers in the western provinces during the years when their crops were short kept hundreds of them off relief. Yet these very farmers, with scarcely any other income, were competing with butter made in a country like New Zealand, and shortenings made from vegetable oils imported from tropical countries.

The consumption of wheat in Canada is not very large. If we take the last three years, the average was four bushels per capita. If we take the average price for three years, this means that we spent annually $32,000,000 on wheat. But the amount spent annually in the past three years for meat and dairy products was $275,000,000. The per capita consumption of farm products annually for the past three years was sixty-four pounds of beef, sixty-five pounds of pork, six pounds of mutton, thirty-one pounds of butter, three and a half pounds of cheese and four bushels of wheat. Of milk and dairy products we consume 647 pounds per capita a year.

We have in Canada 750,000 farmers, the great majority of whom are either dairymen or producers of live stock. These farmers ask to be given the same measure of protection that is given to the dairymen in the republic to the south of us. Canada to-day can produce all the butter and all the animal fats that we can consume in this country. A few years ago this government in their wisdom prohibited the manufacture and sale of oleomargarine in Canada. That was a great boon to the dairy farmers; it was a good law. But to-day we are faced with a far greater menace than oleomargarine ever was, a product made from these cheap vegetable oils imported free into Canada from tropical countries. In 1933 the entire importation of vegetable oils of all classes was 91,000,000 pounds. By 1938 that had increased to 255,000,000 pounds.

The Minister of Finance (Mr. Dunning) stated a moment ago that the late government had taken no action in this matter. I point out to him that this menace had not in those years reached the proportions that it has to-day. In 1933, 67,000,000 pounds of shortening manufactured from vegetable oils were sold in Canada. But by 1938 that had increased to 120,000,000 pounds. And just as the sale of shortenings made from vegetable oils increased, so the sale of shortenings made from animal fats decreased.

These oils come from tropical countries, and are marked "not for food." But after they come into this country they are processed by a few of our large combines that are making immense wealth out of the sale of this product. The better part of the oil is manufactured into shortening and put on the shelves of every grocery store in the country, coming in direct competition with our butter and lard. The residue is sent to our soap factories, where it again comes in competition with animal fats from our abattoirs. In 1936 the government of the United States placed against these vegetable oils duties which totaled about six cents a pound on oils other than crude, 4½ cents a pound on crude oils and 3½ cents a pound on tallow. Before that duty was imposed, we had a market for tallow in Chicago, but ever since that time our tallow has sold in Toronto for just 3½ cents less than the Chicago price. In 1935 the price of tallow in both Toronto and Chicago was nine cents a pound; there was no duty, and the price just leveled up. Since then, however, it has been unprofitable to ship our fats to the United States.

We do not want to prohibit entirely the importation of vegetable oils. That is not the

idea. We do want a tariff or restriction or processing tax placed upon it, so that prices of butter and lard may not be unduly depressed. I realize that a great deal of the oil brought in is used for medicinal purposes, for canning fish and in certain lines of manufacture. With this we have no quarrel. I am a protectionist; I believe in the principle of protection, because in the world to-day, when every country is protecting its own interests, it is foolish to talk about anything else. It is a question of regulating that protection so that it will not unjustly benefit or unjustly harm any individual or any part of the country. I am in favour of protection for the farmer. I believe the farmers are just as much entitled to protection as are our industrialists, and further I say that agriculture and industry are not enemies. They are partners in this country, and they must work together. When you create employment you create markets for agricultural products. If the men and women engaged in industry have steady employment at good wages they do not care whether they pay twenty or thirty cents a pound for butter; but to-day, with our people out of work or working only two or three days a week, butter is extremely dear at twenty cents a pound. Give our people employment; keep our industries going and you will create markets for our agriculturists. Not long ago I noticed a statement by the manager of one of our large packing houses, an organization engaged in the importation of this oil and making immense profits out of it, a gentleman who knew whereof he spoke. He said he was confident that the sale of shortening and soaps produced from vegetable oils reduced the price of every hog in Canada by $1, of every steer by $2, and of the production of every dairy cow by $2. When that was figured up, it came to something between $8,000,000 and $10,000,000 that the farmers of this country were losing in this way.

It takes a farmer six months to raise a 200 pound hog. In the first place there must be careful breeding and in the second place careful feeding to produce a 200 pound hog in that time. It can be done and is done, but the man who does it must know his business. That hog will produce only fifteen pounds of lard. It takes three years to produce a steer weighing 1,100 pounds, which will produce fifty pounds of edible tallow. But out of 100 pounds of palm olive kernels, forty-five pounds of oil can be produced at very little cost. Let us be sensible about these matters. There is no use in talking free trade, protection or anything else. Let us talk business. Is it fair that these people should be permitted to come to this cold country, where we require so much food, so much fuel and so much clothing, and where we are proud of the fact that the standard of living is so high, and to compete with us on these terms? In the United States they have protected their farmers, and those who read journals coming from that country will be aware that an agitation is being carried on by the organized farmers to have the protection increased against the importation of vegetable oils.

A moment ago the Minister of Finance said the whole matter of vegetable oils had been referred to the tariff board and that the government was awaiting the decision of that board. To my knowledge this question of vegetable oils was referred to the tariff board on December 10, 1936, and now we are at the end of March, 1939. If it takes the tariff board two years and four months to reach a decision on an important matter of this kind, while the farmers are labouring under such a disadvantage, there must be something wrong with the tariff board. Surely we should have a report in less than that length of time.

This is a matter of vital importance. I am not trying to make political capital out of it; I am speaking in the interests of the farming community to which I belong, and to which my family have belonged for four generations. I am speaking on a question that I understand. I know the requirements of the farmers of this country; I have been engaged in farming and have been connected with farmers' organizations practically all my life. This question is above politics; it is above partyism. It is a matter we are bringing up in justice to our agriculturists, in order that those engaged in dairying may be placed upon a safe foundation.

I was going to mention another matter on which I have a note here; but it might be thought I was trying to make some political capital out of it, so I will leave it out. It had to do with the duty imposed on our cattle going into the United States. We pay practically $15 a head under the quota, and when we have used up our quota we pay $30 a head. I am referring to the average steer weighing 1,000 pounds. Then we permit the free importation of 30,000 head of cattle from the United States and the Argentine in tin cans. That is what the farmer of to-day has to consider. If we are going to live in a country where protection is necessary, our agriculturists should get their fair share of that protection.

While the importation of butter into this country and the sales of shortening have depressed the price of butter to a considerable degree, there is something else which is of

vital interest. I refer to the under-consumption of butter through so many of our people being on relief or perhaps working only one or two days a week. These people are not able to consume the butter they would consume if they had steady employment at good wages. That factor enters into the problem.

The one thing we need more than anything else in this country is confidence. Our people seem to be afraid. Capital is running to cover. People are putting their money into government bonds which pay two or three per cent, or they let it lie in the banks at 1½ per cent. What are they afraid of? Most of them will say they are afraid of taxation. They do not want to invest in land or in the building of a home. To-day the price of agricultural land is fifty per cent of what it was ten or twelve years ago. You cannot build a home in any town or city in Canada and sell it for what it costs you to build. You cannot rent it and make a profit after paying taxes. There is sufficient money lying in our banks to build all the homes required, provided they could be built at a profit. The government would not need to go into the building business.

I have nothing further to say, except that I plead with the government. The Minister of Finance has left his seat; but the Minister of Agriculture (Mr. Gardiner), who I know is just as deeply interested in this question as I am, is here, and I trust he will use his influence to see that the great farming class to which he belongs gets a square deal so far as the dairy industry is concerned.

Mr. WILLIAM HAYHURST (Vegreville): Mr. Speaker, I have listened with a great deal of interest to the hon. gentlemen who have spoken this afternoon, and I feel I would be negligent in my duty if I did not say a few words on this subject.

Last year I received about a thousand communications from farmers in western Canada demanding that some tariff be placed upon vegetable oils. Some of the hon. members of the Conservative party are not exactly consistent. They do not seem to realize that western Canada is a large country and that the part I come from is just as vitally interested in the dairy industry as is Lanark or Dufferin-Simcoe. There are areas in western Canada which produce tremendous quantities of dairy products, and I believe at lower costs of production than apply in the east. If we all went into the business we might run these men out of business. I ask hon. members to be just in their reasoning and not attack the wheat problem when they are asking for a just price for dairy products. When we ask for 80 cents a bushel—

Mr. THOMPSON: We are not attacking it.

Mr. HAYHURST: When we ask for 80 cents a bushel, which we hope the Minister of Agriculture (Mr. Gardiner) will give us—

Mr. HOMUTH: Has the hon. member heard any member of this group suggest at any time that the western wheat grower should not have protection?

Mr. HAYHURST: Just to-day.

Some hon. MEMBERS: No.

Mr. HAYHURST: We have heard it on several occasions from the hon. member for Broadview (Mr. Church). This afternoon the hon. member for Lanark (Mr. Thompson) was attacking the wheat situation. He stated that the eastern people are going to be taxed because of wheat.

Mr. THOMPSON: I said nothing about a tax on the eastern people.

Mr. HAYHURST: He said that wheat was a drug on the market and we should not produce any more.

Mr. THOMPSON: Certainly it is.

Mr. HAYHURST: What kind of argument is it when the hon. member says that butter is a drug on the market also? I say everything is a drug on the market. You have to use your judgment. It is necessary to be sure of your statements. The Minister of Finance has stated that this is a technical and highly involved matter, one difficult of solution. We believe we have a solution, but very few people want to use the solution which we have advocated in this house in connection with other matters and which would apply in the same manner to this.

The hon. member for Lanark referred to sixty acres to a cow. Evidently he does not realize that with his rehabilitation bill the Minister of Agriculture is attempting to do something to relieve the situation in the dried-out areas of western Canada. If the hon. member would travel through western Canada he would see large areas where it is necessary to have sixty acres per cow. If he comes into my district he will find that that is not necessary. I was talking to a man who lives on the plains not far from Regina and who was hauling his water five miles. I asked him why he did that, why he did not drill a well, and he told me he would have to go just as far in drilling the well. There are parts of western Canada which have had very little

rainfall, but they are not like those areas in northern Ontario which are all rock and stone and lake and woodland.

Mr. MANION: We have some good farm land in northern Ontario.

Mr. HAYHURST: There is some good land there, but I am talking about the bad land. It is the same in western Canada. We have a lot of good land there. It is this land that the Minister of Agriculture is dealing with in his rehabilitation program. There are large areas in western Canada which could support many cows if there was sufficient rain.

Mr. HOMUTH: The Minister of Agriculture will give you the rain.

Mr. HAYHURST: We hear hon. members referring to different classes of goods as being a drug on the market, or every class of goods being a drug on the market. In England they have a new minister of agriculture who believes in a certain amount of economic nationalism.

Mr. HOMUTH: We will have a new one here.

Mr. HAYHURST: We will probably have a new one here unless something is done this year.

Mr. MacNICOL: No hope for that.

Mr. HAYHURST: What do they say in England on this subject? They say that the advantage to the nation of a prosperous agriculture is worth paying for. It is worth subsidizing these dairy farmers and wheat farmers. In the growth of industrialism sweated industries were closed down because of evils involved and now we all should realize that a poorly paid agriculture, with its inevitable consequences of drift from the land and inefficient use of natural resources, is bad for the community. As a matter of fact, I think every hon. member realizes that the farm is the backbone of the nation.

I did not come prepared to speak on this subject this afternoon, Mr. Speaker, but after hearing some of the arguments made by some hon. members which the Minister of Finance said were fallacious, and he applied the same term to an argument I used, I felt I had to say a word or two.

The hon. member for Lanark (Mr. Thompson) quoted some figures on beef, tallow and so forth. This is a subject which has been investigated, and it has been found that if a duty of 3½ to 4½ cents per pound were put on vegetable oils it would mean an increase of $2 a head in the value of every cow and $1 for every hog raised. Now if that applies to eastern Canada it applies still more to western Canada, because there we have not very many soap factories and most of our tallow has to come east. The consequence is that tallow in the west is practically valueless and has to be destroyed, but if the tariff suggested were put on vegetable oils it would probably mean more than $2 a head increase for our cattle and $1 a head increase for our hogs.

As I said, I have received a large number of resolutions, and last year I put one on *Hansard*. I do not need to read it again. In 1936 over 200 million pounds of vegetable oils were imported into Canada, chiefly from tropical countries. I have here over half a dozen resolutions which show that our dairymen in western Canada are vitally interested in this subject. I have addressed several meetings, and at the last one I addressed, in Edmonton in December, before coming down here I was presented with five resolutions by dairymen asking that something be done about butter. I suggested that the best thing would be a tax on vegetable oils. The importations of vegetable oils have been increasing year after year, leading to the substitution of cheap foreign vegetable oils for our Canadian-produced animal fats, and this has become a serious menace to our 750,000 farmers in Canada.

I think that is all I need say at this time because the Minister of Finance has said that the tariff board is investigating the question and he will make a statement to the house later. We shall be pleased to hear a constructive statement on the subject which will indicate that some of the troubles of our dairy farmers are to be removed.

Mr. C. B. HOWARD (Sherbrooke): Mr. Speaker, I could hardly resist making a few remarks after listening to the speeches that were delivered by the hon. member for Haldimand (Mr. Senn) and the hon. member for Dufferin-Simcoe (Mr. Rowe). The hon. member for Haldimand stated that the reduction on cream separators entering Canada was a small one, but I consider a fifty per cent reduction a pretty good reduction, and if the hon. member thinks that a small one I wonder what he would consider a real reduction.

But the main reason for my rising is because of past circumstances surrounding the two hon. members that I have mentioned. Just prior to the election in 1930 the hon. member for Haldimand, representing the cattle industry, the hon. member for Dufferin-Simcoe, representing agriculture, and another gentleman who is now out of his seat, toured the eastern townships of Quebec telling the farmers in that section of the country what

they were going to do about the butter situation if they got into power in 1930. The farmers in the eastern townships listened to them—there is no doubt about that—but I want to tell those three gentlemen that I hope they will make a similar trip before next election. I will not say that they would be chased out because we do not treat visitors that way in our part of the country, but our farmers certainly do not forget what happened to butter between 1930 and 1935. Dairy butter in 1932 went down to 14½ cents a pound in Montreal instead of going up, as these gentlemen predicted, to 40 cents a pound, and creamery butter went down to 16½ cents a pound against the price they predicted. The consequence was that the farmers of the eastern townships of the province of Quebec decided that either these three gentlemen did not know what they were talking about or else they fooled the people completely.

I should like now to make a few suggestions to the government which I am supporting. Talking to one of the largest industrialists in Canada in his own office the other day I questioned him as to how certain reductions that were made in the tariff on the products of his own manufacture would affect him. I put the question to the house as I put it to him, without bias and free from political consideration. I asked him, "Does the reduction in the tariff affect your industry and if so, do you think it will hurt you very much?" He replied, "We have not said one single word in criticism of the reductions on our manufactured products, because I believe that the general prosperity that will be created throughout Canada by the trade agreement will so increase the purchasing power of the Canadian people that we shall be able to sell more manufactured goods to the Canadian consumer."

Mr. LOCKHART: Would the hon. gentleman mind telling what industry that was?

Mr. HOWARD: I stated one of our largest industries. It was one of our textile industries. But as to giving the name, after fifteen years' experience in this parliament I am not giving information that might be used to the detriment of any of our manufacturers.

Mr. LOCKHART: All I asked for was the nature of the industry.

Mr. HOWARD: I think that what has happened in the eastern townships is a fair indication of what has happened in Canada generally. Before the price of butter fat in the United States dropped, due to depressed conditions, we were shipping gallons and gallons of cream into the United States market over a tariff of 56½ cents, but when the price of butter fat there dropped we had to discontinue our cream shipments from the eastern townships and immediately that cream went into butter, and the production of butter increased until our market was glutted. But in the new trade treaty this government has secured a reduction of the duty to 28½ cents—another small reduction of fifty per cent, as the hon. member for Haldimand would call it—on our cream going into the United States. With the increase in prosperity in this country within the next twelve months we shall again be shipping cream not only into the New England states but into all the territory bordering on Canada, with a consequent decrease in the amount of milk and cream going into butter production, and that will mean an increase in the price of butter.

Another situation. As a result, as was said by the hon. member for Lanark (Mr. Thompson), of a lack of confidence generally not only among Canadians in all classes of life but also among the people of the United States, we have run into a condition of slackness in industry. Although out of a population of 32,000 in Sherbrooke we have in excess of 6,000 to-day drawing their weekly pay envelope from Sherbrooke manufacturers, there are still 800 people on municipal relief. Although those people on relief are prevented from starving, each of them draws but two days' pay per week, which means $5.60 to support a family of five, including two grown-up people. I ask hon. members if there is any purchasing power in that sort of thing.

Mr. BROWN: Whose fault is it?

Mr. HOWARD: Naturally they cannot purchase butter. That is barred from their tables, so naturally the consumption has diminished in that section. Let me give a couple of suggestions before I say what I wanted to say from a political standpoint.

Some hon. MEMBERS: Oh, oh.

An hon. MEMBER: We are not hypocrites.

Mr. HOWARD: I will not quote from *Hansard* because I want to give another hon. member a few minutes to speak; but consider the situation as I see it. I suggest to the government the following as extraordinary measures. I want to say, what I think has not been said, that manufacturing industry and agriculture must go hand in hand. We want to benefit agriculture, but my proposal at the same time will indirectly benefit the manufacturing industry, and we cannot segregate the two. My suggestion is for temporary legislation. In spite of the fact that the hon. member who has just spoken and most of the

other hon. members opposite were in this house from 1930 to 1935 and did not impose duties against vegetable oils; in spite of the fact that they were a high tariff party, and went through their five years without remedial action on this line, and went out of power, I recognize that we have now been three years in power, and I suggest to the government that they apply a processing tax against vegetable oils of say three cents a pound.

Mr. ROWE (Dufferin-Simcoe): Make it five.

Mr. HOWARD: I do not know whether they will accept my suggestion, but I hope they will.

Another suggestion I would make is this, with a view of controlling the flow of the milk supply so that no more milk will go into butter than is required for home consumption of butter, allowing for some increased consumption following greater prosperity in this country in the next twelve months. Let us throw the remainder of that milk supply into cheese, for which we always have a market. I suggest that the government put a premium of say two cents a pound on class A cheese, and that they set up a milk control board with an administrative head in the Department of Agriculture—there is no need of going outside the department, which has the machinery to take care of it—with a representative possibly from each province, and so try to regulate the milk flow in order that we may have butter for home consumption only.

Just one word on the New Zealand and Australian situation. Remember that from 1930 to 1935 the butter situation as regards New Zealand was never definitely arranged, but while the present government has been in power we have been getting imports of butter only when the price last winter rose to 41 cents a pound.

Mr. McGREGOR: There were 5,000,000 pounds.

Mr. HOWARD: I think that is the highest price which butter has reached in the past ten years. After all, when a Liberal government can do that, it is not a bad record so far as this side of the house is concerned.

Mr. McGREGOR: Pretty good—for a Liberal government.

Mr. HOWARD: May I say that, after hearing the reference this afternoon to boat loads of vegetable oils which have come in, I wondered whether the speaker had in mind "Rowe-boats" or ships.

Mr. HOMUTH: Ships of state.

Mr. HOWARD: It looks to me as though the slippery policy of 1930 was being trotted out again for the next election.

Mr. ROWE (Dufferin-Simcoe): The hon. member's party slipped out on that one, with five times less pounds.

Mr. HOWARD: I just want to say that the policy which has been advocated this afternoon from the Conservative benches is one which we do not want and which the Canadian people do not want, and this Conservative piece of "oleo-aginous" hypocrisy will not go down with the Canadian consumers.

Mr. G. E. WOOD (Brant): I should like to make some observations at this time, although I regret having to take up time which the hon. member for Danforth (Mr. Harris) was going to occupy. Probably he was going to draw our attention to some of the very fine ladies of Toronto who just a year ago were parading in persian lamb coats on Yonge street, protesting against a price of forty cents a pound for butter. Nevertheless I will not take too long. Maybe that was not to be in his speech, but I am sure he would want to mention it, so I thought I would do it for him.

I appreciate the remarks of my good neighbour the hon. member for Haldimand (Mr. Senn), and also the magnificent way in which the hon. member for Dufferin-Simcoe (Mr. Rowe) presented his case. I admit that it is rather difficult for me, as just one of the ordinary farmers, to endeavour to answer or to compete in oratory with men of experience such as those to whom I intend to reply. The hon. member for Lanark (Mr. Thompson) boasted of having four generations of farmers behind him. I want to say for his information that I cannot name the number of generations of agriculturists behind me, because so far as I know they always have been agriculturists. They wandered over the hills of bonnie Scotland with their herds of sheep, and I am led to believe that some of them had an income of only twenty-five dollars a year.

Mr. THOMPSON: Whose sheep were they getting away with?

Mr. WOOD: One thing I have observed is that if a man has a suspicious attitude of mind it is generally because he is guilty of the sort of thing he suspects.

Mr. MANION: That is why the hon. member for Sherbrooke (Mr. Howard) accused us of playing politics.

Mr. WOOD: Well, I have not been in politics long enough to know, so I will leave the leader of the opposition (Mr. Manion) to discuss that. But I marvel at the attitude of the hon. members for Haldimand and

Dufferin-Simcoe, who were waxing eloquent in regard to doing something for the farmer. I wonder whether, from the years 1930 to 1935, when they had the opportunity to do something, they were really sympathizing with us very much. I myself sold pork at $3.25 and wheat at 42 cents a bushel in 1932.

Mr. HOMUTH: What did you get for pork in 1935?

Mr. WOOD: I am sorry I cannot give that figure now. I will give certain figures later on if the hon. member will contain himself.

Mr. LAPOINTE (Quebec East): He can't.

Mr. WOOD: The price of butter was much lower than it is now. In spite of all the difficulties we are up against to-day with the importation of vegetable oils, the price of butter fat in 1938 was higher than it has ever been since the Liberal government was last in office in 1930.

Mr. HOMUTH: What is it now?

Mr. WOOD: The average price of butter fat has been:

	Cents
1931	24
1932	20
1933	21
1934	22·3
1935	22·9
1936	23·7
1937	26·6
1938	27

Mr. HOMUTH: What is it now?

Mr. WOOD: We have to go back to 1934 to get anything comparable.

Mr. HOMUTH: Will the hon. member give the figures for pork?

Mr. WOOD: I am sorry I cannot. The hon. member for Waterloo South (Mr. Homuth) has had a greater experience than I have had in parliamentary procedure, and I wish he would not put me off the track. I hope I shall never have as varied an experience as he has had in different schools of thought.

Mr. HOMUTH: You will not be in long enough.

Mr. WOOD: Well, if I cannot be here I do not want to be anywhere else. In spite of the fact that we are importing a great quantity of oils, and our friends are very much concerned about the state of affairs among farmers—and I do not think that the farmer is getting a fair share of the national income—I believe an effort has been made by this government, which has not been paralleled by any other government, to do something to get a fair share of that income for the farmer. That has been characteristic of this government. If you go through the records you will find that when the index price of farm products is equal to that of manufactured goods, there is general prosperity. In 1937, and up until the middle of 1938, the prices of farm products were comparable to those of manufactured goods, but since then there has been a decline, and that may be responsible to some extent for the increase in unemployment.

I would draw the attention of the house, however, to some of the records given in the Canada Year Book. I refer particularly to income tax collections. Of course, it is generally conceded that the farmers do not pay income tax; they never have enough money to pay any; nevertheless, 414 farmers paid income tax in 1935, and 921 in 1937. I will not give the whole list, but I will take the next largest group, that of employees, representing the working class. In 1935 there were 149,000 who paid income tax, and in 1937, 174,000. That shows at any rate that some progress has been made in the direction of distributing the national income in such a way as to give a little larger income to those in that category.

Mr. LAWSON: What years did the hon. member give?

Mr. WOOD: I took the years 1935 and 1937. Notwithstanding all that has been said about the difficulties of the farmers, I was very happy to hear the hon. member for Dufferin-Simcoe (Mr. Rowe) say that a solution of the great problem was a back-to-the-land movement. I heartily endorse that suggestion. I believe that if sixty per cent of the people were on the land and forty per cent were in the cities, we would not have the present problem to the same extent. But owing to the system under which we operate, there has been a magnetic influence drawing boys from the farm, and it is not the boys who have come from the farms that go to the offices for relief—they all have jobs. They have displaced, however, many who ordinarily would have the work they are doing.

In spite of the unfortunate condition of affairs among our farmers, as depicted to us, and the fact that they are not receiving a large enough share of the national income, I would point out that seventy-five per cent of the people on the farms own their own homes, whereas in a larger city there is a smaller percentage of home owners. In cities of 30,000 and over, only forty-five per cent of the people own their own homes; in towns of 5,000, fifty-eight per cent; and in towns of

less than 1,000, seventy-one per cent; while, as I say, seventy-five per cent of the people in the rural districts are home owners.

The hon. member for Haldimand and the hon. member for Dufferin-Simcoe waxed eloquent in advocating that something be done by this government for the farmers. May I point out for their information that in 1934 the total number of commercial failures in Canada was 1,690 as compared with 952 in 1937. I point out some of these facts because I know that industry cannot prosper unless our farmers are prosperous; and I have no doubt that the condition of the farmers would have been a great deal worse had there not been a change of government in 1935.

Reference has been made to the competition of our farmers with New Zealand in regard to butter. If you take the record of importations of New Zealand butter you will find that, as the hon. member for Sherbrooke pointed out, at the time we were importing butter, the price was far in excess of the ability of the average person to pay. I do not think that hon. members will agree with me, but I believe that if the price had not been allowed to reach the high figure that it did, which had the effect of stimulating butter production, with the result that more milk went into the production of butter owing to that excessive price, we would not have had the trouble we have to-day. Unfortunately a great deal of milk which should have gone into the production of cheese went into the production of butter. That was brought about by the high price of butter. The only regret I have is that the lady friends of the hon. member for Danforth (Mr. Harris) did not get out on the streets a month or two earlier and boycott butter before the price got so high; I believe that would have put dollars and dollars more into the pockets of the Canadian farmer to-day.

I am sorry I did not have an opportunity to prepare a speech like the hon. member for Haldimand (Mr. Senn), who presented some valuable information to the house. He placed upon record many interesting figures, as he always does.

Mr. DUNNING: But examine the figures carefully.

Mr. WOOD: I believe that is good advice. There is such a thing as using figures just enough to get people to believe what you want them to believe.

Unfortunately farmers have never had an affluence of money. I know myself if I want to buy something it generally means a good deal of sacrifice. Those who have been able to succeed as farmers and get their mortgages paid off have generally had to sell the bacon and eat the old sow; we let our cousins in the city eat the corn flakes, while we eat the oatmeal. There are printed in the newspapers many things in connection with the situation on the farms in Canada, and I think it might be wise if we as farmers emphasized some of the good things on the farm, the life and liberty we enjoy; that might operate as an inducement for a back to the land movement. It is a pity if we emphasize all the unfortunate things and do not emphasize some of the better things that farmers have.

Here is something that I overlooked when speaking about New Zealand. I have in my hand a copy of a publication of the commercial intelligence bureau issued by the Minister of Trade and Commerce. This is dated March 1 and gives a resumé of the debts of various countries, including Canada, Australia and New Zealand, and the figures are on the same basis of exchange. The comparable figures show that in Canada we have a per capita debt of 62 pounds 5 shillings, while Australia's debt is 128 pounds per capita and New Zealand's comes to 182 pounds sterling. I draw the attention of the hon. member for Lanark (Mr. Thompson) to the fact that if New Zealand can produce butter as cheaply as he states, their prosperity should be such that they would not have got themselves involved in that amount of debt. It is very difficult for me to believe that if they can produce butter so cheaply in these countries they would be carrying such a load of debt. So, while we may have to stable our cattle, at least we have only one-third of the national obligation to carry that New Zealand has. I discovered the other day in a report furnished by the bureau of statistics that the New Zealander pays $5 per capita yearly for exchange alone on interest on the money he has borrowed on bonds redeemable in London. That is a fair indication that we have many things in Canada to be grateful for in spite of what we are told in the *Globe and Mail*.

Mr. MacNICOL: That $5 is on how much money?

Mr. WOOD: It was $5 per capita for exchange. They paid 1,593,536 pounds sterling for exchange alone on the interest payable in London on the fifty-six per cent of their debt which is payable there.

As I said, I did not have an opportunity to go into this question as thoroughly as I should have liked.

Mr. HOMUTH: May I ask the hon. member a question?

Some hon. MEMBERS: Order.

Mr. HOMUTH: What we are concerned about in this discussion is to know whether the hon. member is in favour of the importation of vegetable oils or against it.

Mr. WOOD: I was just coming to that. I advised the hon. member that if he would contain himself I would probably satisfy him. The question of the importation of vegetable oils, as the Minister of Finance pointed out, is a very difficult one. In spite of the fact that I live on the farm, I do not hesitate to tell the house that I still live in the old-fashioned way; we kill our own pork, and to-day my wife has two or three crocks of lard, but in spite of that she buys domestic shortening because she is a good cook. She buys that domestic shortening because it fills a need. The average good housewife is very proud to put a good meal on the table for her husband, and housewives find that domestic shortening fills the need in a way that butter or lard do not. Some hon. members may look on that as a joke, but it is something that comes right into our own homes, because I do not believe our good women are going to be divorced from the use of domestic shortening. That is one of the things I think the Minister of Finance will find when he endeavours to make regulations—

Mr. DUNNING: Have all the women after me?

Mr. LAWSON: You can never divorce good women from anything.

Mr. WOOD: But I believe we are entitled to put a tax on that commodity just as we have a right to tax any commodity for the purpose of revenue. The hon. member for Haldimand was emphasizing the importance of doing something to encourage the production of more agricultural products—

Mr. WALSH: May I ask the hon. member a question?

Mr. WOOD: I know I am making a disjointed speech, because I did not have an opportunity to prepare this, but I should like to have an opportunity of saying what I have in mind, although I admit I am doing it in a rather crude way.

Mr. HOMUTH: The questions would help the hon. member.

Mr. WOOD: It might be a good idea if we as farmers said, let us put an embargo on automobiles and go back to the horse and buggy, because we can grow hay and oats; that would stimulate the production of farm crops. That would be similar in my estimation to the arguments of some hon. members. But we do put a tax on gasoline for certain purposes, because the automobile has made necessary an expenditure on roads which we look to the gasoline tax to defray. I believe we would be just as much entitled to place a tax upon processed vegetable oils for revenue purposes, for no other reason than that I try to carry down here the same philosophy of life that I have applied in my own business. My experience in municipal affairs in the constituency I represent shows me the benefit of the policy of pay as you go. The Liberals have followed that policy practically since confederation. The Liberals are responsible for a very small part of our national debt to-day; much the larger part is a result of the expenditures of Conservative governments. We should not leave for future generations a burden that we had not the courage and back-bone to carry ourselves.

Mr. SENN: The hon. member has been kind enough to refer to me more than once. May I ask him, does he object to this imposition of a tax from the point of view of protection to the dairy farmers of Canada?

Mr. WOOD: To ask a question is so easy; one can ask a question in a few words which would take more time to answer than I have available.

Mr. SENN: I am afraid the hon. member is afraid to answer.

Mr. WOOD: I would rather the hon. member would look to his own doorstep instead of imputing motives to me. I have come to the conclusion that oftentimes freer trade is the best form of protection. Does that answer my hon. friend. The government that he supported in 1933 spent more in that year than the total exports of Canada for the year.

Mr. STEWART: We exported as big a share of the world's trade that year as ever.

Mr. WOOD: No, you did not.

Mr. STEWART: Yes, just as big a share.

Mr. WOOD: To-day Canada stands fourth in world trade; we stood sixth at the time to which my hon. friend refers. In regard to any protection the dairy farmer may obtain as a result of a tax of this kind, if it would relieve him from paying some other tax I believe it would be justified. I believe we should tax the people for services they demand; I do not think we should hand down to future generations obligations which we have not the courage to face ourselves. It may not be a popular thing to do, but the Liberals have done that all along, ever since

confederation. They have had enough courage to tax the people sufficiently to meet their expenditures, and I think it will be found that there have been more surpluses under Liberal governments than under Conservative governments. I feel that we should continue to follow that policy, although sometimes it may be unpopular; I believe our first duty is to be Canadian citizens, and our second duty is to be good partisans.

Mr. J. H. HARRIS (Danforth): My purpose in rising, Mr. Speaker, is to bring up to date some observations it was my privilege to make on this same question in 1936. As briefly as possible I should like to put a few facts on record. The most important is one which I believe we all realize, that in this day and age the animal kingdom is being considerably encroached upon by the vegetable kingdom. Canada is in a difficult position in that regard because naturally, on account of climate and occupation, Canada produces a large quantity of animal products.

The first observation I should like to make is that in the last few years the production of vegetable oils and vegetable oil products in Africa, the Straits Settlements, India, China and Manchuria has increased almost ten times. I shall not trouble the house with many figures, but in palm oil alone the increase has been from 268,000,000 pounds in 1920 to 1,000,000,000 pounds in 1937. In like manner importations into Canada have increased since the time this party was in power. When the Empire trade agreements were negotiated, our importations amounted to 90,000,000 pounds, and since then they have increased to 255,000,000 pounds. At the time the Empire trade agreements were negotiated in 1932, these importations did not constitute a very serious factor, because the world price level of these commodities was about ten cents a pound. However, on account of the tremendous increase in production—amounting to fourteen times in the case of palm oil in Sumatra—the price level has dropped from 10·9 cents a pound to less than four cents a pound. Hon. gentlemen opposite say we did nothing about it at that time; but, as the minister knows, we were careful to put section 18 in the empire trade agreements, which provides that any commodity covered by the agreements which interfered with the economy of any country within the empire might be dealt with.

Mr. DUNNING: By consultation.

Mr. HARRIS: And action. Canada's position becomes more pronounced year by year. Our friends in the United States, which is the largest consumer of fats and oils, little by little have applied taxes and tariffs of all types and sorts against imports of oils and fats of all kinds, including fish oils, animal oils and vegetable oils. For example, first they imposed a revenue tax of two cents a pound; then, in addition, a processing tax of 4½ cents a pound in the case of cocoanut oil, which is a very large item. Then they imposed a tax of one cent a pound on palm kernel oil and a processing tax of three cents a pound. Just take palm oil alone. Back in 1932-33, when the empire agreements were negotiated, 287,594 pounds of palm oil came into Canada. In the year which closed on December 31, 1938, however, 70,360,100 pounds were imported. On the other hand, formerly only ten or fifteen per cent of the palm oil production could be used in food products, but now that figure has gone up to fifty-six per cent.

In the minute or two I have left I should like to answer a question asked by the hon. gentleman who said he was in favour of a revenue tax, and to show what has actually happened in the United States. In 1936 the United States imported 2,115,000,000 pounds of vegetable oils. When they put on their tax, it did not have the effect of stopping these importations. The vegetable oils came in just the same, except that there was a reduction of twenty per cent, as the hon. member for Haldimand (Mr. Senn) has said. Importations last year dropped to 1,647,446,000 pounds. In the meantime the revenue which has poured into the exchequer of the United States as a result of the imposition of these duties amounts to well over $80,000,000 annually since 1936. We are one-tenth or one-eleventh as large as the United States, so it would appear only reasonable to expect that as a result of putting our farmers on the same basis as the United States farmers we would automatically bring to the treasury of Canada at least $5,000,000 or $6,000,000 annually, at a very conservative estimate.

Mr. DUNNING: If my hon. friend would permit me to ask a question, just for information, does the United States tax apply to the processing of all oils or only to the edible part? How do they deal with that?

Mr. HARRIS: It applies to all vegetable oils imported into that country. Of course some of these taxes are excise duties; some are processing taxes; but by and large, while some rates run as high as eight and nine cents a pound, the average would be about five cents.

Just before I resume my seat I should like to direct the minister's attention to what is happening at the present time in Washington.

This morning I received an Associated Press dispatch dated February 28, which stated that a movement was on foot, headed by the United States senator from Texas, to have the excise duty of three cents a pound, which was largely responsible for bringing $80,000,000 of revenue to the treasury of the United States, increased to five cents a pound.

The same thing is happening in Australia. Since this matter was last discussed I am informed that the government of Australia has been asked by the Queensland butter board to impose an excise duty sufficient to bring the cost of these butter substitutes up to the best price paid for the finest grade of creamery butter. Here we have two contrasting attitudes: These vegetable oils are brought to Canada in boat-loads—not rowboats but tank steamers—at less than four cents a pound, while in Australia the government is being requested to increase the duty to around nine cents. We want at least a revenue excise tax placed on vegetable oils similar to that which is imposed in the United States.

The only other point I should like to make before I resume my seat is that prior to the United States revenue bill of 1936, as amended by Senator Bailey, Canada enjoyed the full benefit of the largest fat-consuming market in the world, namely the United States. That was automatically cut off when the Bailey amendment went into effect.

Mr. DUNNING: If there are no more speakers, the motion might be carried; if not, it will have to stand over until Monday.

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

The CHAIRMAN: Item 415.

Progress reported.

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

Thursday, March 23, 1939

The house met at three o'clock.

WAR MUNITIONS AND MATERIALS

PETITION FOR EMBARGO AGAINST SHIPMENTS TO JAPAN

Mr. VITAL MALLETTE (Jacques-Cartier): I have received a communication from the Reverend Albert Hinton, pastor of the Lilly Memorial Church, which is the United Church at Pointe Claire, and also of the United Church of Canada, at Beaurepaire, both in the county of Jacques-Cartier, province of Quebec, enclosing a petition praying that the government put into effect an embargo against the shipment of war materials to Japan. I desire to lay this petition before the house.

SUPREME COURT ACT

APPEALS TO PRIVY COUNCIL—REPRINTING OF BILL NO. 9 WITH CERTAIN MODIFICATIONS

On the order for motions:

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, I should like to mention a matter which I think will require the unanimous consent of the house. The first clause of the first section of Bill No. 9, to amend the Supreme Court Act, is deemed by the officials of the Department of Justice to be inadequate, as it is now phrased, to cover the suggestions made by the Minister of Justice (Mr. Lapointe) during the discussion on a similar bill at the last session of parliament. I had endeavoured to cover those suggestions, but the officials think that the words I have used are not sufficiently clear and comprehensive. I have consulted with the clerk of the house who is of the opinion that before second reading the bill might be reprinted in due course. I thought I had better mention it to the house and ask leave to have the bill reprinted, with the modifications deemed necessary by the officials of the Department of Justice, in order to bring its items fully, definitely and concisely before the house on the second reading. There are no changes in the explanatory notes.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I am sure there will be no objection to giving unanimous consent to my hon. friend for the reprinting of this bill.

Motion agreed to.

INSURANCE COMPANIES

AMENDMENT OF FOREIGN INSURANCE COMPANIES ACT, 1932, AS TO INVESTMENT OF FUNDS

Hon. CHARLES A. DUNNING (Minister of Finance) moved for leave to introduce Bill No. 53, to amend the Foreign Insurance Companies Act, 1932.

He said: The amendment is a minor one for the purpose of permitting the classes of investment under this act which by amendment last year were permitted under the Canadian and British Insurance Companies Act.

Motion agreed to and bill read the first time.

AMENDMENT OF CANADIAN AND BRITISH INSURANCE COMPANIES ACT, 1932, AS TO INVESTMENT OF FUNDS

Hon. CHARLES A. DUNNING (Minister of Finance) moved for leave to introduce Bill No. 54, to amend the Canadian and British Insurance Companies Act, 1932.

He said: The same explanation applies to this bill.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 45, for the relief of Gertrude Saul Baker—Mr. Walsh.

Bill No. 46, for the relief of Mary Frances Todd Lister Cardwell.—Mr. Heaps.

Bill No. 47, for the relief of Herbert John Butler.—Mr. Walsh.

Bill No. 48, for the relief of Anna Lasnier Blain.—Mr. Tomlinson.

Bill No. 49, for the relief of Annie March Breakey Coburn.—Mr. Macdonald (Brantford City).

Bill No. 50, for the relief of Mabel Gertrude Marks Lamoureux.—Mr. Factor.

Bill No. 51, for the relief of Earl Keith Drennan.—Mr. Bercovitch.

Bill No. 52, for the relief of Per Ernst Martinsson.—Mr. Thompson.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

COLLINGWOOD, ONT., HARBOUR

Mr. BARBER:

1. Did the government undertake any work at the Collingwood (Ontario) harbour during 1938?
2. If so, what was the nature of such work?
3. What was the cost of such work?
4. Were tenders called for such work?
5. If so, was the lowest tender accepted?

Mr. CARDIN:

1. Yes.
2. (a) Cleaning of channel and removing loose material; (b) Removal of a very large individual boulder; (c) Sweeping channel.
3. (a) $1,774; (b) $1,200; (c) $564.49.
4. (a) and (b) Yes; (c) Work performed by day labour.
5. (a) and (b) Yes.

*LIFE INSURANCE—MEASURES OF SUPERVISION

Mr. CHURCH:

1. What measures is the government taking to control the high cost of life insurance and of premiums paid by policy holders in view of the rapid strides made in preventative medicine and hygiene, thus increasing the life expectancy; and also in view of the large profits and huge reserves built up by these companies so as to protect the insured and also reduce the great cost of life insurance to the public?
2. What control is there now over investments of life insurance companies in common stocks: (a) in Canada; (b) without Canada?

Mr. DUNNING: This is a question which certainly goes beyond the rules in the nature of the question itself. I would ask for your honour's consideration.

Mr. SPEAKER: I think that this question should be dropped, in view of standing order No. 44, which prohibits the making of statements of fact.

Question dropped.

JUDGE BRUNEAU, RICHELIEU, QUE.

Mr. PELLETIER:

1. Since what date has Judge Bruneau, of Richelieu, Quebec, been in receipt of a pension?
2. What is the amount paid annually to the said judge?
3. Has the government been informed that the said judge has been living in Paris for many years?

Mr. DUNNING:

1. April 1, 1928.
2. $6,000.
3. Yes—pension cheques cashed in Paris.

QUESTIONS PASSED AS ORDERS FOR RETURNS

REAL ESTATE MORTGAGES—INTEREST RATES

Mr. CHURCH:

1. What action is the government taking with regard to the high interest rates on mortgages on real estate, amounting to usury over a number of years by federal companies and British and foreign companies doing business in Canada?
2. What inspection or control does the government exercise over them: (a) by the Usury Act; (b) the Interest Act; (c) the companies or other federal acts?

Mr. DUNNING: With reference to this question, I am afraid that it infringes in two particulars the rules of the house, in that, in asking a question, it makes statements, and in addition asks for a statement of government policy. If, however, the hon. member will agree to its being passed as an order for return, subject to the reservations I am making, we might endeavour to get such information as is asked for in the second half of the question, although I am not aware of the existence of an act called the usury act. The other acts may be searched in order to give him the information, as an order for return, subject to these reservations.

Mr. CHURCH: Will the minister not allow these rate questions to be considered by the banking and commerce committee for their action?

Mr. DUNNING: Well, that is not my business.

COLDBROOK, N.S., FISH HATCHERY

Mr. BROOKS:

1. Has the dominion government during the last three years constructed a fish hatchery or rearing pond at Coldbrook, Kings county, Nova Scotia?
2. If so, from whom did they purchase the land, and what was the price paid?
3. What was the total cost of construction of buildings, and was the work performed under contract or day labour?
4. If under day labour, will a copy of the payroll be tabled?

EUROPEAN SITUATION

MEETING OF DOMINION HIGH COMMISSIONERS IN LONDON

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): On Monday last, when we were discussing international affairs, I asked the Prime Minister (Mr. Mackenzie King) regarding an item which appeared in a newspaper, and which he said he also had seen, with respect to Mr. Massey not having attended a meeting in London called by the dominions office. At that time the Prime Minister said he had no knowledge of the matter. Has he obtained any since with regard to it?

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to my hon. friend that I also saw another item which stated that Mr. Massey had been at a conference at 10 Downing street. Both accounts were erroneous. Mr. Massey was asked to meet with the high commissioners of the other dominions not at 10 Downing street but in conference with the Secretary of State for the Dominions. He was present at that conference with the other high commissioners.

Mr. MANION: So the item is wrong.

UNEMPLOYMENT

QUESTION OF PROVISION FOR TWO THOUSAND TRANSIENTS NOW IN TORONTO

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to call the attention of the government, in the absence of the Minister of Labour (Mr. Rogers) to a matter of emergency. It relates to two thousand transients, mostly young men, six hundred of whom are housed and have beds in the coliseum at Toronto and the rest in other hostel places in the city. Notice has been given by the province to the city that their meals, two a day, are to be cut off a week from to-morrow night, March 31. The minister said that this transient question was a matter for the province. I should like to ask the government if someone will be sent from the Department of Labour here to Toronto to negotiate with the province and the city so that these two thousand men will not be left to the city and the charity of private persons.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I will see that the request of my hon. friend is made known at once to the Department of Labour. He will doubtless get a reply in due course from that source.

WAYS AND MEANS

CANADA-UNITED STATES TRADE AGREEMENT

The house in committee of ways and means, Mr. Sanderson in the chair.

On schedule I:

Customs tariff—415b. Washing machines, domestic, with or without motive power incorporated therein; complete parts of washing machines: 25 per cent.

Mr. T. L. CHURCH (Broadview): I was speaking on this item the other evening when the committee adjourned, two or three minutes before the six o'clock hour. I would have finished had I been given the opportunity. The item was not carried. I have no wish to embarrass the minister, but I want to lay some facts before him and his tariff experts regarding the use of electricity in various forms of equipment which has grown out of the rapid expansion of the hydro-electric industry in Ontario. For example, we have item 415a—which was not carried—refrigerators, domestic or store, completely equipped or not; one is electric, the second is other than electric. The other evening the minister gave some explanation of this particular item, and I just wish to refer for three or four minutes—

The CHAIRMAN: Order. I would remind the hon. member that the item under consideration is 415b.

Mr. DUNNING: The same thing. It is all right.

Mr. CHURCH: The item, (a) as I understand it, is refrigerators.

Mr. DUNNING: No, washing machines.

Mr. CHURCH: We might as well not carry on at all if a member cannot ask a question of the government. It is all the

same item. The government is not objecting to this. What are we here for? Regarding these refrigerators, washing machines and sewing machines, I put down a resolution, at the opening of parliament, regarding these matters, and asked what the tariff board was doing about the cost of the various items of equipment referred to it, and we heard that they had not had a sitting for very nearly a year. Then they met.

As has been said, there has been a rapid expansion of this industry. Prior to 1935 the tariff was forty per cent. Under the agreement in 1935 with the United States it came down to thirty-five per cent. Immediately imports from the United States went up, and the figures I have show that they increased from $189,000 to $893,000, or five times as much as they were before. The point I wish to raise, and I might just as well finish in one short speech what I have to say with reference to five or six of these items which relate to all kinds of electric equipment, is this. We have in Canada 42,000,000 horse-power, only one-sixth of which, or seven million, is developed, and some of that only for part of the year. This is a new and struggling industry, applying direct current for the use of all kinds of household equipment, and getting the benefit of cheap power for domestic use. Formerly a large part of the electrical equipment now manufactured in Canada came from Germany, but the industry for years made, and is making, a great effort to establish itself in this country by a little protection. It is a struggling industry, only in its infancy, and I submit that everything possible should be done to encourage it with a view to providing more employment. I realize quite well how desirable it is that housewives and people generally should be enabled to make use of electrical power at low cost for equipment and service in their homes for refrigerators, washing machines and other necessary devices. It is in the interests of the consumers that these things should be provided at reasonable cost, but at the same time I trust that the employment feature and the need of helping home industries will not be overlooked by the government. Rapid strides are being made in the extension of the use of electricity in connection with medicine, health, and all kinds of home comforts, and in other lines, and I do suggest that the government should help to put the industry on its feet and expand it. We cannot visualize the extended use of electricity in the future in the kitchen and in other parts of the house and domestic industry. I have figures which I could submit to the committee but I am afraid it would not be possible to give them at this stage. This industry is operating in Hamilton, Peterborough and other parts of Canada, and the figures which the minister gave the other evening will show its importance.

Our imports of electrical refrigerators alone from the United States, for the last year, were $950,000 and of other refrigerators $245,000. The numbers imported from the United States were 14,894, and 4,049 respectively. We exported 7,000, our largest customer being Australia with the United Kingdom second. These figures alone show what can be done in this industry not only in connection with refrigerators, but in the production of other electrical equipment as well. The electrical equipment industry is in its infancy and with proper development it could be made a fertile source of employment. The use of electricity will in the future be applied in fields of activity which at present we do not visualize, providing employment for Canadian workmen, and assisting in production and distribution and agriculture. The member for Victoria-Carleton referred to this subject the other evening. There is no doubt a demand on the part of the public to have these inventions made available at cost plus a reasonable profit, and I suggest that the minister should have someone, either in his office or in the office of the tariff board, determine a price that would allow a reasonable profit to the manufacturers and at the same time promote production at reasonable cost in Canada and thus help employment. I hope there will be no further reductions until this great industry is well established, because I am sure it could be made to provide employment for thousands of Canadians in the provinces that use commercial and domestic power extensively as well as throughout the dominion in the use of domestic electrical equipment.

Mr. McDONALD (Souris): I wish to call the attention of the Minister of Finance to the price of washing machines. In my opinion this is an item that should be referred to the tariff board. Last summer I made inquiries regarding comparative prices in the United States and Canada, and I also investigated the small combination gasoline engine and washing machine. There are only two or three companies in the United States that make these small gasoline engines, which work perfectly with washing machines. We have to import them. The duty under this item is 25 per cent, but I can state on reliable authority that a better washing machine can be bought in the United States at half the price we have to pay in Manitoba. That difference of

100 per cent is too much money. We have no objection to a certain amount of tariff protection for the benefit of Canadian workmen, but 100 per cent is altogether too much. I should be glad to have the item referred to the tariff board.

Mr. FURNISS: I do not think there is any item in the whole trade agreement that affects home life on the farm more than this one and the items immediately preceding and following it. One of the great drawbacks on the farm is the lack of proper inside help in the summer, and that is particularly true with young married people who are raising a family. They simply have not the price to pay for competent help, and the housewife has either to do the work herself or be satisfied with an inferior grade of help; the other alternative is to have appliances to lighten the labour. Electricity has been made cheaper and more available to the rural population of Ontario, but it is not only the cost of installing and paying for the electrical current that troubles the farmer; he has also to consider the price of various appliances and all the equipment by means of which he can use that electricity. I have been in many homes where the washing is done in the old way with the wash tub and board, the wringing being done by hand because modern means could not be afforded. I do not know what the farmers' wives would think if they saw these figures showing that the farmer can buy certain labour-saving machinery under a tariff protection of 7½ per cent, whereas, when the housewife wants labour-saving devices for use inside, they have to be paid for at a price covering a 25 per cent tariff. She would think she was being greatly discriminated against and would suggest it was time there were more lady members of parliament.

I do not understand why this industry needs as high a protection as it has, unless it be that it is an infant industry. If that is so I hope it will not be as long outgrowing its swaddling clothes as the other protected industries have been. I suggest to the Minister of Finance that he keep this item in mind when there are any future bargainings over the trade agreement, and that in that event he see that there is a substantial reduction in the tariff. Cheap electricity should go hand in hand with cheap electrical devices, but under this high protection electrical power is being capitalized on.

Mr. MARSHALL: I note that there is a 20 per cent British preferential tariff, and 25 per cent United States. Will the minister give the imports from Great Britain and from the United States? Perhaps he can also give us the figures covering the total quantities manufactured in Canada in 1938.

[Mr. G. W. McDonald.]

Mr. DUNNING: There were no imports from Great Britain; in fact we export washing machines to Great Britain. The imports from the United States amounted to $702,000 last year.

If I may say a word in reply to the two hon. members from Manitoba who have spoken, I would say that the record before me shows that there has been quite an increase in the imports of washing machines since the 1935 agreement, which, it will be remembered, reduced the duty from 35 per cent to 25 per cent. With the coming into full operation of this agreement the present effective rate of 28 per cent, including excise tax, will of course be reduced to 25 per cent. But I call attention to the fact that during the three years 1936 to 1938 inclusive, imports did increase from $272,000 to $702,000. They trebled in value. The number of machines imported increased five-fold during that period. I shall, however, take note of the representations that have been made suggesting that a tariff board inquiry might be desirable. I do not undertake that such a reference will be made, but the matter will be looked into from that point of view. At the present time we have quite an export business; exports have grown as rapidly as the imports. Last year we exported a total of $1,481,000 worth of washing machines, the great bulk of which went to the United Kingdom, Australia and New Zealand. I shall take note of the suggestions made by my hon. friends and find out what the facts are.

Mr. STEVENS: The statement of the minister that a reference in this matter might be made to the tariff board impels me to say that while I have all the sympathy in the world with the representations made by the two hon. members who have spoken on the subject, there is another side to the story to which I think I should refer. If a reference is made to the tariff board, obviously both sides will be heard.

The washing machine industry in the United States is not in a prosperous condition. As far as the story can be gathered from the financial reports of these companies —there are not many of them, but their output is very large—it is not a very attractive one. As a result some of these companies are actually dumping machines in Canada in order to keep up production and keep down the overhead ratio. That at any rate is what is claimed, and I think there is sufficient evidence to support that view. Briefly stated, the washing machine manufacturers of the United States produced in 1938 about 1,200,000 washers. Yet it is clear from their annual statements, some of which I have seen,

and from information which I consider to be reliable, that the industry not only did not make any money but lost heavily. For instance the Automatic Electric Washer Company, of Newton, Iowa, producing about 30,000 machines a year, in their report showed a loss of $105,000, or approximately $3.50 per machine.

It might also be pointed out that these companies have different grades of machines. They put out a higher priced machine, which is the most profitable type, and which they seek to sell in their own market; and besides that they produce a low priced machine which they can feature in their advertisements to attract buyers. Most of these companies limit the number of low priced machines to a small percentage of their output. I understand the large General Electric Company limit the number of low priced machines to fifteen per cent of their total output. These low priced machines are used as loss leaders. It is also reported that the Easy Washing Machine Company, a well known company over there, lost something in the neighbourhood of $400,000 last year. Their annual production is about 200,000 machines. They make a range of machines selling from $49 to $150.

Another feature of this operation was referred to a moment ago, the attachments, such as electric motors and the tubs, which are usually manufactured separately. It is reported that the manufacturers of washing machine tubs lost on an average about fifty cents a tub last year, and the manufacture of the motors is also reported to have shown a loss.

The Washing Machine Company of Fairfield, Iowa, make a machine selling at $39, but they limit the production of those machines to one hundred a year; and while the company advertise machines ranging in price from $39 up to $100 or whatever the top price may be, the salesmen would be pretty severely taken to task if they placed many of those $39 machines. They are told they can show it, but to advise the purchase of a higher class machine.

Mr. DUNNING: If the company produced only one hundred, they would not be of much use for any purpose.

Mr. STEVENS: No, except for advertising—that they make a machine at that price. But the salesmen were instructed that their efficiency would be judged by the small number of that class of machine that they placed.

A further point is that certain of these machines have been shipped into Canada at an invoice price of $24.

Mr. DUNNING: Out of the hundred?

Mr. STEVENS: Well, there may have been some of that class. As near as can be ascertained, these machines cost about $34. I do not say it in any critical sense, but one of the questions which ought to be examined is whether there has not been systematic dumping of lower priced machines on the Canadian market, tending to destroy the industry here.

There is another aspect of this matter which should also be remembered. Usually these low priced machines are in the long run more costly than the higher priced machines—not those at the highest prices, but those moderately priced. A machine selling at what we might call a normal price will usually last a considerable time, being fairly well made, so that the actual annual outlay by the purchaser is comparatively small. Of course they are usually sold on time.

While I am entirely in accord with the view that we should secure for the users of this class of household utensil as low a price as we possibly can, yet in the interest of common sense and the welfare of the industrialists of Canada, which after all is very important, we must not allow ourselves to become the victims of a sort of "loss leader" dumping practice on the part of our friends south of the line. The evidence is pretty clear that the industry in that country has been in a somewhat unprofitable condition for the last few years, and because of that fact there has been a tendency to slash prices.

I think there is one thing that can be definitely said for the Canadian manufacturers of washing machines, that as far as I know—and I know some of them—they have all been putting out excellent machines, supplying the Canadian market at reasonable prices. The value of this industry, together with similar industries, is undoubtedly great, and I must repeat what has been said by some other hon. members during the last two or three weeks in discussing these resolutions as well as in connection with other matters, that after all the value of the industrial market to the farmer is important. I would suggest to my hon. friends who advanced the argument a few moments ago, that the real approach to the problem of the farmers is to secure for them a fair price for their products, which they are not getting to-day. That is my confirmed opinion. I think we will have a much healthier economic condition among the farmers of Canada if we can devise a system under which we can stabilize at a fair level the prices received by the farmers for their products, and I am now speaking particularly of live stock, dairy products and, of course, all grains.

Mr. McNEVIN: Would the hon. member inform us what method he would follow in order to attain that end?

Mr. STEVENS: I think such a dissertation now would be out of order, but I am not unmindful of the point and am quite prepared to express my views at the proper time, because I have given the question a great deal of thought. At the moment I am merely giving, shall I say, the other side of the story, which we must constantly bear in mind. It would not be fair to put the minister in a position in which in a sense he would be resisting an appeal in the interests of the farmers of Canada, which is virtually the position in which he was placed. As far as I am concerned I certainly wish to uphold the demands of agriculture for better and fairer treatment, yet nothing is gained by glossing over the other side of the picture or, merely for the sake of some momentary encomiums from that quarter, neglecting to tell what are the facts. So I suggest to the minister that when the matter goes to the tariff board—

Mr. DUNNING: I did not say it would.

Mr. STEVENS: If and when it goes to the tariff board, both sides of the story should be heard.

Mr. COLDWELL: There have been a number of items upon which I should have liked to say a word, but since this one has aroused some discussion I want to support those who have suggested that such articles as washing machines should be referred for investigation to the tariff board, or that something definite should be done by the government to reduce the duty. If an investigation of this kind be undertaken, I suggest to the minister that since we export a considerable number of these machines to Great Britain, a comparison should be made between the prices of such articles in Great Britain and in Canada. There may be very little difference, but sometimes on picking up English publications we find articles with which we are familiar in Canada advertised at prices which seem to be in line with our own prices or sometimes even a little less.

As one who occasionally passes through the United States I must say that I do not know of any group of articles upon which the differential appears to be as great as between the two sides of the line as electrical appliances and articles of this description. What the hon. member for Kootenay East (Mr. Stevens) has said may be quite true, but I have always been struck by the tremendous difference between the prices of refrigerators, electrical appliances, washing machines and so on. Some twelve or thirteen years ago we bought a washing machine made in the United States, for which we paid something in the neighbourhood of $160. In store windows across the line I saw the very same machine for sale at less than $100. That struck me at the time as being a tremendous difference in price.

While it is true that the manufacture of such articles means work for those engaged in Canadian factories, I sometimes wonder whether we are not paying far too great a price for the work that is distributed by industries of this description. I think if an industry is uneconomic and is robbing, as it were, a large consuming public in this country, it has no right to receive special consideration.

Mr. HOMUTH: Would wheat come under that?

Mr. COLDWELL: No; wheat does not come under that, for reasons which we shall probably discuss within the course of the next few days.

To-day throughout Canada there are thousands of people who lack many simple household utensils. Very many articles have been discussed in connection with this treaty which cause me to say that we should do everything we can to bring into effect what after all is the Liberal policy, as stated over and over again in the program of the Liberal party ever since 1919; that is, to remove the protective tariff from articles which are necessary to the general welfare of the family. I am rising simply to give perhaps still another side of the picture and to suggest to the minister that he give consideration to the request of the two hon. members from Manitoba who have spoken.

Mr. DEACHMAN: I am quite certain that everyone in what is commonly called the rump, as well as those on the main street of the Liberal party, will accept the suggestion of the hon. member for Kootenay East (Mr. Stevens) that we should do everything possible to safeguard the industrial producer and the industrial worker in the Dominion of Canada. But there is some variation of opinion as to what constitutes the best method of helping him. The items we have been discussing recently concern largely iron and steel. I am not particularly interested in this individual item, but looking at the matter from a broad national standpoint I am anxious that the iron and steel industry in Canada should prosper. I looked up the figures in order to see what we have been doing in the last few years, and I bring a message of cheer not only to the hon. member for Kootenay East but to all those on my immediate left who are particularly interested in this problem.

In 1933 our production of iron and steel products was $211,000,000. Those figures have increased year by year. The following year they were $308,000,000, and in the year the Liberals came into office and started to "ruin the industry" they were $390,000,000. The following year they were $453,000,000 and the next year $623,000,000. I do not hear a word of cheer from my friends to my left, although from time to time they have told us that the approach of the Liberal party to office always meant the retreat of industry.

Let me deal with wages, which, in my opinion is a very important factor. They moved up from $69,000,000 in 1933 to $88,000,000 and then to $110,000,000. We, the Liberals, arrived on the scene, and the figures were $126,000,000, $164,000,000—and still the cheering opposition army is silent; nothing but criticism! Then, how many men were employed? In 1933 there were 70,000; then 81,000, 95,000, 107,000; and the army of workers who marched into the iron and steel factories of Canada in 1937 numbered 127,336. Leaving out war years, that level was never touched, except in one year, 1929.

In 1929 production of iron and steel products stood at $738,000,000. We have not equalled that figure so far, but we are closely approaching it, with the $623,000,000 of 1937. In addition it must be remembered that there was, or should have been in the period of years from 1929 to 1937, at least to some extent a decline in price levels. So that if we could make the comparison on the basis of actual volume, rather than value, we would see that we have almost approached the highest limit we have ever reached in any peace year.

I should like to touch upon another item. My hon. friends are always afraid of imports. Well, in the year in which imports were shut out to the greatest extent, that is in the year 1933, when they fell to a value of $58,000,000, we were producing only to a value of $211,000,000. In 1937 we were importing goods to the value of $150,000,000 and producing them to a value of $623,000,000. So that it seems that as imports grow, so also does production; and industry moves forward as we break down the barriers, just as will the other sections of production in Canada.

The hon. member for Kootenay East referred to dumping. I think someone should offer a prize for the production of a genuine case of proved dumping. I sat and listened before the tariff board, year after year to—I forget how many cases, it must have been about two hundred—and I heard charges and counter-charges made in regard to dumping. The only cases I can recall which seemed reasonably clearly proved were ones in which Canadian manufacturers were exporting abroad at prices lower than they charged at home. No one offers to bring forward the evidence, but when you want to paint the picture of dumping it is the easiest thing in the world, if you are inclined that way, to splash on a ten-league canvas, with brushes of comets' hair. But, after all, if we are going to extend industry in Canada it must be brought about by bringing the products we produce within the capacity of the people of Canada to purchase.

I am quite interested in the statement of the hon. member for Kootenay East. Price policies and production have been clearly discussed in a recent book put out by the Brookings Institution of Washington. I ordered a few copies the other day, and out of kindness to my hon. friend, and the high regard I have for him not only because of his interest in this but in other problems, and in his to-day professed interest—I know it is real—in agriculture, I propose to make him a present of a copy of the book, in the hope that he may be converted to that point of view, and that I may have the pleasure of saving at least one brand from the burning.

Mr. MacNICOL: May I bring the committee back to the item under discussion.

Mr. DUNNING: Thank you, sir.

Mr. MacNICOL: I suggest if hon. members who deal with millions and twirl them around their tongues so easily in committee, without understanding their application, would confine their remarks to item 415b, we would get much farther ahead.

I wish to make only one observation on behalf of the worker in industry—because somebody has to say a word for him. We have heard something about the farmer, and we have had the economist tell us something which perhaps none of us knows anything about—and perhaps he knows no more—

Mr. DUNNING: That word should be expunged—accusing the hon. member of being an economist!

Mr. MacNICOL: I am always pleased to hear the hon. member for Huron North (Mr. Deachman) dealing in millions. Under the 1935 treaty the duty on washing machines was reduced from 35 per cent to 25 per cent. In the calendar year 1935 Canada imported 3,380 washing machines.

Mr. DUNNING: 3,580.

Mr. MacNICOL: I am speaking of the calendar year, and I am giving the figures supplied by the washing machine industry.

In 1938, 16,914 machines were imported. Certainly there must have been a considerable reduction in employment.

Mr. DUNNING: Now, give us our own export figures, and that will demonstrate my hon. friend's point.

Mr. MacNICOL: I know they increased. We would not be able to export at all if we were not able to manufacture for our own market. We would be able to export more if we had the whole of our own market. But I wish to point out that according to the figures supplied by the washing machine industry, 309 fewer men were engaged in the industry in Canada in 1936 than in 1935.

Mr. MACDONALD (Brantford City): It has been suggested by the hon. member for Souris, and to some extent by the hon. member for Muskoka-Ontario (Mr. Furniss) that washing machines were selling in Canada at twice the price at which they were selling in the United States. The hon. member for Kootenay East (Mr. Stevens) suggested that they were being dumped into Canada. Now, if they are being dumped into Canada one would think that they were being sold in this country at a price lower than that at which they were selling in the United States. The two views conflict. Both conditions can hardly prevail.

It has been suggested that there is such a duty on washing machines that they are being sold at an excessive price in Canada. The hon. member for Kootenay East quoted figures which indicated that companies in the United States had lost money. I believe if that point were followed out he would find that, generally speaking, the washing machine companies in Canada also lost money last year. There might be an exception here and there, but, generally speaking, the washing machine industry last year was not productive of profit. There are a considerable number of companies in Canada making washing machines, so that there is a good deal of competition in our own country. There is competition among the companies themselves, and that naturally keeps the price down. No company in Canada has what one might call a monopoly.

It has been suggested by several hon. members that this matter should be referred to the tariff board. My opinion is that at the present time we must give industry confidence. We should let them know that they are going to be allowed to carry on their business, without too much interference from governments or other authorities. I would say that this great industry is not one which should be scrutinized by any board. It should be given an opportunity to conduct its business free from interference. If that is done I am satisfied that the people will get their washing machines at a fair price.

It has been said that we want to get washing machines as cheaply as possible, and I agree with that; the women on the farms and the mothers and housewives in our cities should get these machines as cheaply as possible. But if we are going to destroy this industry, if it is put out of business and all these machines are to be brought in from a foreign country, I ask where the husbands of the housewives are going to get the money with which to buy them? I submit that we must consider the whole question of industry. Are we going to encourage industry in this country or are we going to destroy industry and create more unemployment? Our one thought should be to be fair to all, to give our housewives whether living in the city or on the farm, washing machines at a fair price; but at the same time we should protect this industry and keep our working men at work.

Mr. HOMUTH: I want to congratulate my hon. friend (Mr. Macdonald), who is a neighbour of mine, upon his protectionist speech. Every time an item in this trade treaty is discussed and hon. members refer to the price they have to pay, they refer to the retail price. Member after member has risen to condemn industry. Our manufacturers have been called profiteers and hon. members complain of the high prices they have to pay for commodities. But it is not industry that is making the money out of these things. Take washing machines, for instance. If you follow the price of a washing machine from the factory until it reaches the consumer you will find that thirty, thirty-five, forty and forty-five per cent has been added to the price received by the manufacturer. Surely it would be better to spend our time in trying to work out some method of cutting down the cost of distribution in this country than to criticize industry day after day as it has been criticized. I agree with the hon. member for Brantford, when he says that industry should have some assurance that it will not be continually interfered with. Industry certainly has no such assurance now.

Mr. NEEDHAM: The minister said that exports had increased five times and that there had been a tremendous increase in the imports. Would all these exports be of Canadian manufacture, or would some be imported and then exported?

Mr. DUNNING: Our exports to the various countries of the empire are required to meet

the British content regulations of the country to which they go. The imported and reexported article must comply with the British content regulations of Great Britain, Australia or New Zealand, as the case may be. In the case of this particular article, our exports comprised at least fifty per cent British content.

Item agreed to.

Customs tariff—415c. Clothes wringers, domestic, and complete parts of metal thereof: 25 per cent.

Item agreed to.

Customs tariff—415d. Sewing machines, with or without motive power incorporated therein; complete parts of sewing machines: 15 per cent.

Item agreed to.

Customs tariff—422a, ex 439b and ex 427a. Concrete road-paving machines, self-propelling, end loading type, with a capacity of 21 cubic feet of wet concrete or more; concrete and asphalt road finishing machines; form graders; sub-graders; combination excavating and transporting scraper units; concrete mixers, transit type; dump wagons or trailors on crawler-tracks, not self-propelled; back-filling machines and equipment, mounted on self-propelling wheels or crawling traction, semi- or full-revolving boom and scraper type; steam or air driven pile hammers or extractors; well-points; truck turntables; all the foregoing of a class or kind not made in Canada, and complete parts thereof: 10 per cent.

Mr. BROWN: What is the rate of duty on these items entering the United States?

Mr. DUNNING: The hon. member is referring to road building machinery?

Mr. BROWN: Yes. Could the minister also give the Canadian imports?

Mr. DUNNING: The United States duty on most of this item is 27½ per cent. The imports to Canada last year were valued at $366,000.

Mr. BROWN: What would be the value of machinery of this type, otherwise provided for, produced in Canada? I mean all other kinds that are made in Canada.

Mr. DUNNING: There is no production of this item in Canada.

Mr. BROWN: I know that. But there are items of this type which are made in Canada.

Mr. DUNNING: There is no specific item which covers the same range of articles produced in Canada as is covered by this item. They would be distributed over possibly half a dozen different items in our tariff schedule. I regret I have not the precise information covering the Canadian production.

Mr. BROWN: Would it be safe to assume that the tariff duty is higher on the class of goods which are made in Canada?

Mr. DUNNING: Oh, yes.

Item agreed to.

Customs tariff—424a. Hand fire extinguishers, and sprinkler heads for automatic sprinkler systems for fire protection: 30 per cent.

Item agreed to.

Customs tariff—ex 425. Lawn mowers designed for use with motive power, whether or not containing the power unit: 15 per cent.

Item agreed to.

Customs tariff—427. All machinery composed wholly or in part of iron or steel, n.o.p., and complete parts thereof: 25 per cent.

Mr. HARRIS: Could the minister give us the imports and exports of items 427 and 427a, which I think go together?

Mr. DUNNING: The imports of items 427 and 427a in 1938 were valued at $21,883,000, while our exports totalled $4,003,000. I am advised that it is not possible to segregate the data covering the Canadian production of the exact types of machinery covered by the item, inasmuch as they would be included in a number of different classifications. The United States duty on machines not otherwise specified, which is the nearest corresponding item in their tariff, is 27½ per cent. That United States rate is subject to numerous specific reductions under various trade agreements.

Mr. HARRIS: This is a very large item, and the three per cent excise tax will represent a substantial amount of revenue which we will not receive. That is a point which ought to be borne in mind. In 1935—the minister will correct me if I am wrong—the imports into this country were only $7,400,000. In 1938 they were $21,883,000, representing a threefold increase in respect of machinery and parts of a class or kind not made in Canada, some of which could very well be made in this country. Recently a number of hon. members had an opportunity of looking over the plant of the John Inglis Company in Toronto. Of the machinery represented in this $20,000,000 item, at least one-half, I would say, could be manufactured in a plant of that type. I know from practical experience that it consists of large and heavy units which are used in mining and many other industries, most of the units being driers and pressers and the types of machinery which require boiler shop work—jacketed vessels, stay bolted tanks, machines built on what is known in the trade as marine construction. Prior to

the building back in 1921 of the large unit of the John Inglis Company Limited it was difficult to have these heavy units of machinery made in Canada. They equipped that very expensive plant to turn and twist, as it were, steel sheets as heavy as seven-eighths thickness. The hon. member for Huron North (Mr. Deachman) will realize that that is an extremely heavy sheet to stay-bolt and roll and make into heavy machinery. Since they were unable to compete with similar plants in the United States, and since the demand in Canada during the depression was not so heavy, that plant finally went out of existence. I use that as an illustration of the type of plant which has gone out of existence or has very considerably reduced its production. The same is true of a plant at Galt, one at Montreal, and one out Welland way: they all experienced the same difficulty. But the point I want to bring out is rather in contradiction of what we heard a few moments ago from the hon. member for Huron North. In departing from the Fielding idea of a revenue tariff as I heard that minister explain it on many occasions from the government side of the house, they have reduced the duties to a very low level, as low in this case as ten per cent on goods of a class or kind not made in Canada. The result is that plants of this kind, if presented with a blueprint of a heavy type of machinery which is not produced here, are discouraged by the fact that the tariff is only ten per cent, whereas if they were in production on that kind of machine the duty would be 25 per cent. Every time you enlarge the spread between machinery of a kind that is made in Canada and machinery of a kind that is generally not made in Canada, you lose the revenue from tariffs—imposed on a principle which as I have always understood is part and parcel of the policy of the Liberal party. That is the first thing that happens. Secondly, you restrict the possibility of our manufacturers in the iron and steel industry producing that unit of machinery. By the way, industries such as the John Inglis Company did almost as much business, in dollar value, in machinery specially designed as in ordinary boiler shop work.

A word with regard to the employees. I imagine there are hon. members in this chamber who know something about the technical employees engaged on these very large units of machinery; I am thinking of processing machines which weigh twenty, thirty and forty tons. We have in Canada men who were apprenticed in the iron and steel industry on the Clyde, men who learned their trade and craftsmanship there, and men who were apprenticed in Belfast, where I believe the Brown yards employ eight or ten thousand men.

Mr. McLEAN (Melfort): Harland & Wolff.

Mr. HARRIS: They came to Canada and found their vocation in industries of a kind which are supplanted by these imports which have jumped from $7,000,000 in 1935 to $12,000,000 in 1938. These artisans from Belfast and the Clyde, who learned their trade from the ground up, are to my mind the most efficient mechanics that civilization has yet produced.

Mr. DUNNING: Some good ones come from Yorkshire.

Mr. McLEAN (Melfort): What about the Tyne?

Mr. HARRIS: I am thinking of a man named Spence—a good name for a Yorkshireman—who was with me for some thirty years. He was trained as a mechanic in manufacturing machines used in the textile trade, but he could not find employment in this country with industries producing textile machinery, and now, instead of applying his artisanship in the manufacturing of textile machinery of the kind or class comprised in this item, he is a night watchman in a plant which I happen to control.

I do not know where the hon. member for Huron North got the astronomical figures he cited with regard to iron and steel, but I suppose they were from the bureau of statistics. It is a handy place, and you can prove almost anything. But my information is that the number of employees normally engaged in the Canadian iron and steel industry is about 131,000. With the collapse in 1929 it dropped down to as low as 77,000. Then it came back to 99,000. At present, as hon. members will agree, it remains stagnant, and page 12 of the employment commission report covering the employment comparison, net change between September 1929 and 1936 in that particular industry, shows that there are 35,883 iron and steel workers out of employment. My hon. friend will agree with me, I am sure, that there is a great deal of work and wages in $21,000,000 worth of machinery and machine parts as represented in this particular item. A hurried mental calculation would lead one to suggest that there are involved at least $5,000,000 worth of wages. So that if our friends who are in power, and who want a tariff for revenue purposes, would adhere to their policy and discontinue widening that spread between goods of a kind made in Canada and goods of a kind not made in Canada, in my opinion

a great many of our present industries who diversify their manufacture of machinery of this kind could keep their staffs busy designing and building these machines.

The committee realizes that in any industry the machinery changes every two or three years. The ordinary half-million dollar plant would have $200,000 worth of machinery, and it cannot be used for ten years because something more modern and efficient keeps coming up all the time and the old machinery has to be scrapped and modern equipment installed. These new machines are produced in the large countries such as the United States, some in England and some on the continent; so that the Canadian manufacturer may be producing a machine called by one name to-day, which is replaced by a machine called by another name to-morrow, which is doing the work far more efficiently and quickly, with the result that the manufacturer has to throw out the old machine at present made in Canada and bring in the new unit not made here. The artisans of Canada, if they had a look at the blueprints and had a chance to study them, if they were not faced with this widening of the spread, could in many instances produce the machinery here and expand employment to our own people. I hope that in that respect our friends will get back to the field of tariff for revenue.

Mr. BROWN: May I refer to an observation made by the hon. member for Danforth (Mr. Harris). I would point out that the reduction from 20 per cent to 10 per cent is just sufficient to induce the United States manufacturers who have branches here, and who are the sole manufacturers of certain machinery, to discontinue making such machinery here, so that it might be brought in under the 10 per cent tariff. In other words this reduction offers an inducement to United States manufacturers to quit manufacturing here and to manufacture in the United States.

Mr. DUNNING: The hon. member for Hamilton East (Mr. Brown) raises an interesting point. It is true that in this basket item of machinery not otherwise provided for, which is a very large one, there is a reduction from 20 per cent to 10 per cent. I know of nothing on which Canadian industrialists in all lines make stronger representations than they do with respect to the tariff on classes of machinery, capital goods, which they require in industry and which are not made in Canada. We are constantly in receipt of protests against what the hon. member for Danforth would call a revenue duty on capital goods required in industry and not made in Canada. We have recognized the situation to the extent of the reduction embodied in the present treaty, and of course we have to take into account the very point made by the hon. member for Hamilton East. Shall we, by so doing, bring about the removal of some concerns that were manufacturing in Canada because of the differential? The information we have is that such a result is extremely unlikely to any considerable extent.

Mr. BROWN: The circumstances which I have stated actually exist at the present time; and I will go further than that. There are certain manufacturers who wish to bring in machinery under the 10 per cent provision and they are exerting pressure on the manufacturers who produce that kind of machinery to stop making it so that the machinery may be imported under the 10 per cent duty.

Mr. ILSLEY: Will the hon. gentleman give me the particulars? I am most interested.

Mr. MacNICOL: I wish to say a word or two in connection with item 427a. I have in mind a plant in Toronto which manufactures a good deal of the machinery that comes in under item 427a, under a duty now of 10 per cent.

Mr. DUNNING: They cannot be manufacturing machinery that comes in under 427a, because 427a applies only to machinery not made in Canada.

Mr. MacNICOL: But I am speaking of machinery made in Canada.

Mr. DUNNING: That is 427.

Mr. MacNICOL: Under the administration of the tariff the manufacturers are told that the machinery is not made in Canada although it is. The two ministers are here and either of them can correct me. There are two machines to which I refer. One is known as the straight line portable rotor lift gravel and rock crushing machine, and the other machine, a similar one, has an additional crusher and is called a dual purpose machine. I have pictures of them. I have seen the two different machines after they were built in the Toronto plant. If the straight line machine has attached to it the dual purpose feature it comes in at 10 per cent; if it has not the dual purpose feature it is 25 per cent.

Mr. DUNNING: Twenty-five per cent is correct under 427.

Mr. MacNICOL: They can turn out either of these machines in ten days. All they have to do is add the additional crusher equipment to make a dual purpose machine.

But if a road builder wishes a dual purpose machine he buys it in the United States and imports it at 10 per cent duty. If he purchases a single line machine of the same order less the dual purpose part, he has to pay 25 per cent. There are two companies in Canada making those machines, one in the province of Quebec and the other in Toronto. I know the Toronto plant can, and I am told that the Quebec one also can turn these machines out very rapidly. I should like to know why the department cannot separate these machines for duty purposes. If an importer brings in a dual purpose machine, does the minister feel that the whole machine should be let in at 10 per cent? Why not separate it and collect 25 per cent on the single line part of the machine and let the dual purpose addition in at 10 per cent? This company ships machinery all over the world, including Australia and South Africa, and they could sell this line of machinery down there if they were enabled to obtain a larger part of the Canadian market. One machine weighs about 53,000 pounds, and I am told that eighty per cent of the cost is labour. That is quite an item. I do not know how we are ever going to develop the manufacture of new lines of machinery in this country unless the manufacturer is given a chance to obtain the home market. I am told that they can and do sell these machines in Canada at the same price as that at which they are sold in the United States. But I am also told—I do not know whether this is true—that a large contractor will set up one of his employees, or someone very close to him, as an agent, and that agent brings the machine into Canada at the agent's price; in that way I presume the purpose of the act is defeated. Surely the administration would not want anything like that to take place. If the manufacturers are given their home market they can not only supply all the machines required in Canada at the United States price and create a great deal of employment in Ontario, particularly Toronto, and in Quebec province—I have forgotten the name of the town there in which these machines are made—but can also sell them in South Africa and Australia and elsewhere to compete with the United States prices. These men seem to think that under the n.o.p. provision the machines are held not to be manufactured in Canada, because unless ten per cent of the market requirement is made here in Canada, the machine is considered as not being manufactured in Canada. But how can they get ten per cent of the Canadian consumption if the conditions prevail which I have just outlined, an agent being set up to bring the machines in at an agent's price? I cannot help feeling that this is a condition which is of concern to any department interested in increasing industry in this country.

It appears to me from the way tariffs are made in Canada that we have no one particularly looking after industry, except perhaps the Minister of Finance. I should like to see him called the minister of finance and industry.

Mr. DUNNING: I have enough titles now.

Mr. MacNICOL: Then someone in the cabinet would be charged with looking after the manufacturer, helping him to give more employment. I believe twenty-three other countries have a ministry of industry, and it is high time this country had.

I saw one of these machines a week ago last Saturday. It is a large machine worth $23,000. It has been in stock for some time, and is likely to remain on the warehouse floor now that the duty has been reduced to 10 per cent. That machine has in its construction ninety-eight per cent of Canadian material, as well as all the labour. The tires on that machine, worth $1,500, were bought from a Canadian manufacturer, likewise the elevators, the motors and all the intricate parts that go into this machine are bought in Canada, whereas when a machine comes from the United States the tires, the elevators, the conveyors and all the rest are made there.

I am not finding any fault with what the two ministers are trying to do in the way of bringing down prices, but the time has come when at least one member of the cabinet should be specially charged with the development of industry in this country. I know of no other way by which industry can be developed more speedily than by giving attention to just such an item as I have now discussed. The companies manufacturing these machines can produce them in Canada and sell them at the same price as the United States machine, but they cannot get into the market and therefore cannot get the required 10 per cent. Give them a chance and they will take care of the requirements of the Canadian market in this line. As I have said, eighty per cent of the cost of the machine is labour, which is a very important item in providing industrial employment in Canada.

Mr. ILSLEY: I was interested in the remarks of my hon. friend. The specific matter of which he complains is a ruling which apparently has been made by the Made in Canada branch of the customs division. From what he said I am not sure whether the ruling has been made or not. I should be very glad

if he would let me have particulars of the instance to which he refers, and I shall make careful inquiry. The branch has to make a great many rulings, and many of them are difficult; there are two sides to the matter in dispute. But I shall be glad to go into that particular one. It rather struck me that the hon. gentleman had made a case, but there may be other facts bearing on the situation.

Mr. MacNICOL: Could not the two things be separated as I suggested?

Mr. ILSLEY: It is impossible for me to say without looking into the matter.

Mr. ROSS (St. Paul's): Does oil well drilling machinery or apparatus come under this item?

Mr. DUNNING: No.

Item agreed to.

Customs tariff—ex 427. Machinery and apparatus enumerated in tariff item 412a, when for use by manufacturers of articles made from regenerated cellulose or cellulose acetate; complete parts of such machinery and apparatus, not to include saws, knives, and motive power: 5 per cent.

Item agreed to.

Customs tariff—ex 427. Veneer-drying machines, and complete parts thereof: 5 per cent.

Item agreed to.

Customs tariff—ex 427. Wire stitchers and staplers, either hand or power type, but not including motive power; complete parts of the foregoing: 5 per cent.

Mr. LENNARD: I notice that the duty from the United States is 5 per cent and that the British preferential rate is 10 per cent. Will the minister explain that?

Mr. DUNNING: The British rate will come down automatically, because Great Britain is a favoured nation.

Mr. LENNARD: The 10 per cent is not correct, then?

Mr. DUNNING: Ten per cent is the present British preference rate, but the fact that we are agreeing to a 5 per cent rate from the United States means that that 5 per cent will apply to Great Britain also in future, under the most favoured nation clause.

Item agreed to.

Customs tariff—427a. All machinery composed wholly or in part of iron or steel, n.o.p., of a class or kind not made in Canada; complete parts of the foregoing: 10 per cent.

Item agreed to.

Customs tariff—427b. Ball and roller bearings: 17½ per cent.

Item agreed to.

Customs tariff—427c. Machinery for dairying purposes, viz.: Power churns, power milk coolers, power fillers and cappers, power ice cream mixers, power butter printers, power cream savers, power bottle sterilizers, power brine tanks, power milk bottle washers, power milk can washers; ice-breaking machines, valveless or centrifugal milk pumps, sanitary milk and cream vats; none of the foregoing machinery to include motive power: 15 per cent.

Item agreed to.

Customs tariff—ex 427a, 427e. Automatic machines for making and packaging cigars and cigarettes, not to include tobacco-preparing machines: 10 per cent.

Item agreed to.

Customs tariff—427h, ex 445f, ex 445k, ex 446a. Motion picture projectors, arc lamps for motion picture work, motion picture or theatrical spot lights, light effect machines, motion picture screens, portable motion picture projectors with or without sound equipment; electric rectifiers or generators designed for use with motion picture projectors; complete parts of all the foregoing, not to include electric light bulbs, tubes, or exciter lamps: 15 per cent.

Item agreed to.

Customs tariff—428c. Engines or boilers and complete parts thereof, n.o.p.: 25 per cent.

Item agreed to.

Customs tariff—428e. Diesel and semi-diesel engines, and complete parts thereof, n.o.p.: 20 per cent.

Item agreed to.

Customs tariff—428f. Air-cooled internal combustion engines of not greater than 1½ h.p. rating, and complete parts thereof: 20 per cent.

Item agreed to.

Customs tariff—429. Cutlery of iron or steel, plated or not:
ex (g) Safety razor blades, 25 per cent.

Mr. TAYLOR (Nanaimo): I have been awaiting an opportunity to direct attention to an observation which I have made several times lately in connection with the tariff rate on articles imported purely for domestic consumption. The hon. member for Rosetown-Biggar (Mr. Coldwell) drew attention to the spread between prices of washing machines in the United States and those in Canada. It appears to me that the Minister of National Revenue should take into consideration the fact that a tradesman, when setting his retail price, makes a profit on the duty which he has paid the government, and on the transportation charges, consequently raising the price artificially, with the result that the spread is very much greater. If the collection of duty

on articles for domestic consumption could be carried on as the collection of sales tax is carried on, from the retailer, it would make a great deal of difference in the cost of these articles in Canada.

Mr. DUNNING: I did not get my hon. friend's last question.

Mr. TAYLOR (Nanaimo): It was not a question; it was an observation. There is an artificial spread when the retailer collects a profit on the amount of money he pays the government in customs duty and the amount of money he pays the railways for transportation; and if the customs duty could be collected in the same way that the sales tax is collected, at the time the article is sold by the retailer, it would make a great deal of difference in the cost of the article in Canada. If there is a duty of 25 per cent on an imported article and there is a mark-up of 50 per cent in order to make a 33⅓ per cent return, on an article costing $100 that would make a difference of $12.50.

Mr. ILSLEY: It would be equivalent to a considerable increase in the rate of duty.

Mr. TAYLOR (Nanaimo): The government could increase the rate of duty accordingly.

Mr. ILSLEY: No, we would have to decrease it.

Mr. TAYLOR (Nanaimo): No, the government could increase it if the duty was collected at the point of sale. I want that made quite clear. You collect the sales tax after you have sold the article. If you collect the duty on articles sold purely for domestic consumption costing over $50, let us say, in the same way—

Mr. ILSLEY: At what point.

Mr. TAYLOR (Nanaimo): At the point of sale by the retailer, in the same way as you collect the sales tax.

Mr. ILSLEY: The sales tax is not collected at that point at all; the sales tax is collected at the factory door.

Mr. TAYLOR (Nanaimo): The sales tax is collected by the retailer is it not?

Mr. ILSLEY: The sales tax is collected at the time of sale by the manufacturer, on the value of the goods at the factory door.

Mr. TAYLOR (Nanaimo): That is the factory sales tax?

Mr. ILSLEY: Yes, that is our sales tax.

[Mr. J. S. Taylor.]

Mr. TAYLOR (Nanaimo): You have a retail sales tax as well, have you not?

Mr. ILSLEY: No.

An hon. MEMBER: That is provincial.

Mr. TAYLOR (Nanaimo): It may be provincial, but it is possible to collect it in that way. If the same principle were adopted for collection of these duties on articles imported purely for domestic consumption it would make a great deal of difference in the price and would enable many consumers to obtain articles they cannot now afford because of the spread that exists between United States and Canadian prices.

Mr. DEACHMAN: I think it should be made clear to the hon. member that in regard to the sales tax, the customs tariff and the excise tax, these are all pyramided, and there is an increase added as they move along. The sales tax collected at the factory door goes into the cost of the goods. The merchant takes those goods at a cost which represents the sales tax plus the invoice value of the goods and adds his mark-up. In consequence our eight per cent sales tax is reflected in an added cost amounting to probably twelve per cent, while a forty per cent duty probably runs up to a sixty or seventy per cent advance in the cost of the commodity to the consumer. So pyramid is piled on pyramid, and that is the fundamental reason why the spread between the prices of certain commodities in the United States and Canada is so great. We have to add the duty, or the manufacturer takes it in excess prices; then we must add a series of profits until we have reached such heights that a revulsion of feeling is caused. Then, when we want to bring it down, the hon. member for Davenport (Mr. MacNicol) offers objection.

The hon. gentleman suggested this afternoon, in regard to something I said, that he found it extremely difficult to follow me when I talked in millions. A young man was once employed by the census bureau. A few days later he came to his chief and said, "I feel that I must give up this job." The chief said, "Well, the task is quite simple. Why can you not go on with it?" The young man replied, "I was never taught to count beyond seven." I think when members of parliament cannot count beyond one hundred thousand they should not represent Toronto constituencies.

Mr. MacNICOL: The hon. member talked in hundreds of millions.

Mr. ROSS (St. Paul's): Would the hon. member continue the figures he was giving a moment ago and give the figures for 1938 as well?

Mr. DEACHMAN: That would be extremely difficult. In the first place I gave my notes to *Hansard,* and even if I had my notes I could not give those figures because the bureau of statistics does not yet record the figures for 1938. I venture to suggest that they will show a decrease, but I would not think the decline would be by any means as great as was the decline which followed when the friends of my distinguished friend came to office. Then industry tumbled and men found themselves out of work, despite all the protests of the leader of my hon. friends at that time that if he was elected he would solve that problem. Later on he said he would solve it or perish in the attempt, and he perished in the attempt.

Mr. DUNNING: Mr. Chairman, this item concerns safety razor blades, and I would suggest that they are rather sharp to be used as instruments of controversy.

Item agreed to.

Customs tariff—430. Nuts and bolts with or without threads, washers, rivets, of iron or steel, coated or not, n.o.p.; nut and bolt blanks, of iron or steel, per hundred pounds, 50 cents, and 17½ per cent.

Mr. HARRIS: This is another example of small industries which are very seriously affected, not only in large centres but in many small cities such as Brockville, Galt and similar places. Prior to the last agreement the duty was 75 cents per hundred pounds and 25 per cent; now it is 50 cents per hundred pounds and 17½ per cent.

Mr. DUNNING: Has my hon. friend figured out the reduction here?

Mr. HARRIS: Well, it is quite considerable when you add the effect of the two treaties together. In all these discussions we must bear in mind the cumulative effect of the two treaties. Canada absorbed the shock of the first treaty rather gracefully. But she does not realize what a shock she will receive from the cumulative effects of the two. And this is just another example of the—

Mr. DUNNING: I must disagree with my hon. friend's conclusions there, because it is a curious fact in connection with this item of nuts, bolts, washers and so on, that our imports from the United States actually declined from 1936 to 1938. Imports in 1936 were valued at $351,000, and in 1938 they were $274,000. When I notice that our production went up from just over $2,900,000 in 1934 to $4,070,000 in 1936, I am bound to think there is not any great amount of suffering reflected in those figures.

Mr. STEWART: What are the corresponding rates on the same lines going into the United States?

Mr. DUNNING: They are six-tenths of one cent a pound on nuts, one cent a pound on bolts, and the washers go with the nuts.

Mr. STEWART: And what about rivets?

Mr. DUNNING: I am afraid we have not worked out the information with respect to rivets. The United States item does not correspond with ours.

Mr. STEWART: Is the United States rate against the Canadian product higher than the Canadian rate against the United States product?

Mr. DUNNING: The comparison is very close, something like comparing half a cent, plus fifteen per cent, with six-tenths of a cent.

Mr. STEWART: Quite similar then.

Item agreed to.

Customs tariff—431b. Adzes, anvils, vises, cleavers, hatchets, saws, augers, bits, drills, screwdrivers, planes, spokeshaves, chisels, mallets, metal wedges, wrenches, sledges, hammers, crowbars, cantdogs, and track tools, picks, mattocks, and eyes or polls for the same: 27½ per cent.

Mr. HARRIS: The Minister of Finance was rather quick to grab at an item in connection with which there happened to be no particular increase in imports. Perhaps he would give the figures for item 431b?

Mr. DUNNING: Surely. In 1938, imports from the United States were valued at $824,000, and we exported $1,312,000 worth, mainly to Australia, the United Kingdom and New Zealand.

Mr. HARRIS: No exports to the United States?

Mr. DUNNING: There was $18,000 worth.

Mr. HARRIS: That is $800,000 in and $18,000 out.

Mr. DUNNING: To the United States.

Mr. HARRIS: Whereas in 1935, imports were valued at only $426,000. The importation has doubled in three years.

Mr. DUNNING: I am pleased to note an increase in our own production, between the two years, in practically all of these items.

Mr. STEWART: Would the minister give the same information with respect to the United States rate against adzes, and so on?

Mr. DUNNING: Forty-five per cent on practically all hand tools.

Item agreed to.

Customs tariff—431c. Machinists' or metal workers' precision tools and measuring instruments, viz.: Calipers, micrometers, metal protractors and squares, bevels, verniers, gauges, gauge blocks, parallels, buttons, mercury plumb bobs, dividers, trammels, scribers, centre punches, pocket speed indicators, straight edges, key seat clamps and other clamps and vises used by toolmakers for precision work, precision tools and measuring instruments, n.o.p.: 10 per cent.

Mr. HARRIS: Another example where imports from the United States have jumped from $66,000 to $256,000.

Mr. DUNNING: What item is that?

Mr. HARRIS: The group item the chairman has just read, namely 431c and 431d. I understand the minister has the figures all under one item.

Mr. DUNNING: I do not have them separately. Yes, they have increased to the extent of about $100,000 between 1937 and 1938.

Item agreed to.

Customs tariff—431d. Engineers', surveyors' and draftsmen's precision instruments and apparatus, viz.: alidades; altazimuth surveying instruments; aneroid barometers, engineering, military and surveying; angle prisms; boards, military sketching; box sextants; clinometers; compasses; cross staff heads; curves, adjustable, irregular, railroad and ship; curvimeters; drafting instruments of all kinds, including fitted cases containing the same; dipping needles; drafting machines; heliographs; integrators; levels, tripod and hand or pocket types; levelling rods; liners, section; meters, portable for hydraulic engineering; pantographs; planimeters; protractors; parallel rulers; parallel ruling attachments; poles, ranging; pedometers and paceometers; plane tables, military and topographic; scales, flat and triangular; slide rules; splines; straight edges, steel and wooden; tachometers; tallying machines, pocket; tee squares, steel and wooden; telemeters; theodolites; transits, tripod and hand or pocket types; triangles of all types; tripods for use with any of the foregoing instruments: 10 per cent.

Item agreed to.

Customs tariff—431f. Files and rasps: 27½ per cent.

Item agreed to.

Customs tariff—432. Hollow-ware, of iron or steel, coated or not, n.o.p.: 25 per cent.

Item agreed to.

[Mr. Dunning.]

Customs tariff—432a. Kitchen and dairy hollow-ware of iron or steel, coated with tin, including cans for shipping milk or cream, not painted, japanned or decorated: 25 per cent.

Item agreed to.

Customs tariff—432b. Hollow-ware, of iron or steel, coated with vitreous enamel: 30 per cent.

Mr. HOMUTH: What is the value of imports under this item?

Mr. DUNNING: In 1938, imports from the United States were valued at $126,000, and our own production stood at about $1,400,000. Rates going into the United States on enameled hollow-ware are five cents a pound, and 15 per cent ad valorem.

Item agreed to.

Customs tariff—432d. Manufactures of tinplate, painted, japanned, decorated or not, and manufactures of tin, n.o.p.: 25 per cent.

Mr. BROWN: What are the imports?

Mr. DUNNING: There are two items, amounting to $321,000 and $443,000 respectively, making a total of $764,000, which represents the imports into Canada from the United States in 1938. Our own production has increased enormously under this item; it runs to about $20,000,000. The duty going into the United States is at forty-five per cent on all items, except containers, which represent a big part of the total. Containers enter the United States at 22½ per cent.

Mr. HARRIS: Items 432a b, c and d give just another example of where imports have doubled on each item in the last three years.

Mr. DUNNING: Also home production has advanced in almost the same proportion, I can tell the hon. member for Danforth.

Item agreed to.

Customs tariff—435, ex 434, ex 434a. Locomotives and motor cars for railways, of a class or kind not made in Canada, and complete parts thereof, for use exclusively in mining, metallurgical or sawmill operations: 12½ per cent.

Item agreed to.

Customs tariff—438a. Automobiles and motor vehicles of all kinds, n.o.p.; electric trackless trolley buses; chassis for all the foregoing: 17½ per cent.

Provided, that machines or other articles mounted on the foregoing, or attached thereto for purposes other than loading or unloading the vehicle shall be valued separately and duty assessed under the tariff items regularly applicable thereto.

Mr. MANION: I have had sent to me a statement which I assume some of the ministers have also had sent to them; therefore

they will be able to speak intelligently in regard to the matter. The statement is from the Detroit *Free Press* of March 19, and is contained in a dispatch dated at Ottawa, March 18. Perhaps the easiest way is to read part of it. It is supposed to be a statement of fact. The gist of the statement is that of the three large automobile manufacturing companies in Canada, at least two are on the verge of closing down because of the change in duties, and the cutting off of the excise tax of three per cent. I shall read a paragraph. If the minister wishes me to stop reading it, I shall do so. It is not meant as a criticism, but it can be placed before the committee better by reading it than could be done by an attempt to synopsize it. This is a special dispatch to the Detroit *Free Press,* dated Ottawa, March 18. It reads:

The Canadian government, it is learned on high authority, is concentrating on the problem of preventing the largest branch plant industry operated by United States capital in Canada—the automobile industry—from being lost to the dominion and repatriated to the United States.

Of the "big three" motor car manufacturers who maintain complete plants in Canada, one alone is described in governmental circles as being content to remain in the dominion.

The other two are said to be anxious to discontinue their Canadian operations and to transfer the substantial volume of employment that they afford to their parent factories in the United States, where enlarged mass production methods would effect important savings.

Lower down it states:

The new Canada-United States trade treaty is responsible directly for the critical situation. The arrangement binds at 17½ per cent the duty payable on United States automobiles coming into Canada and removes the three per cent excise tax which has been required on motor cars imported into Canada from any country other than Great Britain in recent years.

Then the article goes on to emphasize the importance to the automobile industry of the loss of this three per cent, and gives further details of the advantages to automobile companies of importing their cars instead of manufacturing them in Canada. The article continues:

When Canadian officials discovered that the new trade treaty threatened to have this effect on one of the country's most important industries, they formulated representations to Washington.

I am just trying to give the gist of this article. Lower down it says:

The proposal was made, accordingly, that three companies should be approached to write President Roosevelt in support of the Canadian application for a change in the treaty.

Conferences, however, speedily made it apparent that the United States automobile manufacturers were not favourably inclined.

And again:

The suggestion most commonly heard is that the Minister of National Revenue, J. L. Ilsley, takes advantage of a section of the Customs Act which empowers him to declare special duties on commodities that are being "dumped" on the Canadian market.

This is a fairly long article and I think I have read enough to give the gist. It was sent to me by one of the automobile workers' associations. The hon. member for Hamilton East (Mr. Brown) has had the same thing sent to him and, I believe, will have something to say about it later on because it directly affects his constituency. I was asked, however, to bring it up, and in view of the importance of this matter perhaps either the Minister of Finance (Mr. Dunning) or the Minister of National Revenue (Mr. Ilsley) will be able to tell us the facts. I should like to hear what they have to say in regard to it.

Mr. MOORE: Before the minister answers the leader of the opposition, may I say that for the past several days I have been receiving hundreds of communications from people in my riding in reference to this matter. I shall not attempt to read them all; as they are all to the same effect, I shall read one only. I take it that these have been sent by employees of General Motors in Oshawa, and this particular one reads:

I view with much concern the insecurity of employment in the Canadian automotive industry and therefore urge you to use your influence to bring about an investigation in the industry in regards to same especially the effect of recent tariff adjustments.

With regard to what the leader of the opposition has said, it is common information that the tariff board has been investigating the automobile industry for some years. May I ask if the present tariff was based on the findings of the tariff board?

Mr. MARTIN: I believe I represent a district which manufactures more automobiles than any other district in Canada. Before the minister replies to the leader of the opposition (Mr. Manion) and the hon. member for Ontario (Mr. Moore), may I say that the newspaper article to which the leader of the opposition referred was also sent to me. I have received other communications of apprehension from men engaged in the automobile industry. These have come to me from people who live in the areas where different branches of the automobile industry are located, as well as from other centres in Ontario and the province of Quebec. When the Minister of Finance (Mr. Dunning) makes his statement, I am sure he will note that those of us who come from the areas concerned have been alive to this problem. We are

trusting that whatever is done will be so effectuated as to guarantee the stability of this industry, not only for what it means in itself but for what it means to the thousands of men who depend upon it for a livelihood.

Mr. LOCKHART: I have received communications which indicate that unemployment in this industry is still on the increase. I agree with the statement of the hon. member for Essex East (Mr. Martin) that Windsor is a large automotive centre, but I represent a constituency in which this industry plays a large part. I imagine that the hon. member for Hamilton East (Mr. Brown) has also received communications similar to those which have reached me. I just want to associate myself with the leader of the opposition (Mr. Manion) and other hon. members who have spoken in this connection.

Mr. DUNNING: I was wanting to answer the questions that have been asked, but apparently hon. members are associating themselves for the purpose of getting some statement from me. I was trying to answer the specific questions asked by the leader of the opposition (Mr. Manion) and the hon. member for Ontario (Mr. Moore), and I had no intention of closing off the debate on this item. I have not seen the newspaper article referred to by the leader of the opposition, and I thank him for reading it. In so far as it intimates that the government of Canada has made representations to the government of the United States since the signing of the treaty, it is entirely incorrect.

Mr. MANION: The minister means with reference to automobiles, because this government has made representations with regard to cattle.

Mr. DUNNING: The article referred specifically to automobiles, and there is no foundation in fact for that statement. Another allegation was made that because of the provisions in the treaty two of the three large automobile manufacturers were considering withdrawing from Canada. I have no information which would lead me to believe that there is any truth in that statement.

In reply to the question asked by the hon. member for Ontario, I may say that there has been no report by the tariff board. As my hon. friend knows, the reference with respect to automobiles has been a continuing one and the treaty was negotiated with the United States without the aid, if I may put it in that way, of a final report from the tariff board.

Mr. COLDWELL: Just before the item carries, in view of the discussion I think some of us might express a word from a slightly different point of view, because there are other points of view in the house than those which have been placed before the minister.

While we have every sympathy with the men who are engaged in this industry, we cannot be blind to the fact that it has grown up behind what has been in the past a fairly substantial protective tariff; and if the plea were made by the companies more genuinely from the point of view of safeguarding the interests of the men employed in this industry there would be much more sympathy with it.

I have in mind this fact, that in the automobile industry men have worked under conditions which have to a large degree undermined their health; that while rates of wages have looked high when considered on an hourly or daily basis, the yearly wage in the automobile industry has not been, over the years, relatively high; and I have observed in this industry, in the city of Regina where my home is, that when times grew slack men congregated day after day round the doors of the automobile plant hoping for work and were often employed for just a few hours.

It seems to me that if an industry which can pile up dividends, surpluses, reserves and so on to the extent that this industry has done, receives protection from the Dominion of Canada or from any other country, it ought also to be made to assume responsibilities with regard to its working force. I want to place that point of view before the committee, because I have every sympathy with the men whose jobs are in jeopardy; but at the same time I want to make it abundantly clear that over a period of years the people of Canada have paid for automobiles prices far in excess of what should have been paid; and moreover the industry, while it has paid, as I have said, a relatively high hourly or daily wage, has not assumed responsibility for the care and safeguarding of the men whom it has employed.

Hence, when I hear a plea made in this chamber, as it has been this afternoon, apparently wholly from the point of view of those who are likely to lose their jobs in the industry, I come back to the thought that there are other considerations which ought to be reviewed when we are considering protective tariffs, if we are asked to maintain them for this industry.

Mr. MOORE: May I say just a word in reference to what has been said by the hon. member for Rosetown-Biggar? He has spoken of the high protection accorded to the motor car industry of Canada.

Mr. COLDWELL: In past years.

Mr. MOORE: In past years. I venture to say that for some years Canada has had the second lowest protective rate of any producing country in the world. It must be remembered also that we have a free item, a free import from the United Kingdom, and no other motor-car producing country has a free item.

If the hon. member will think back for just a moment or two, he will recall that it is not only tariff rates which affect employment in and the productivity of an industry; it is changes in rates; and I venture to say that in the last ten or fifteen years there have been not less than a hundred changes made in the tariff rates on the materials and the parts used in the automotive industry of this country. The hon. member will also remember, I hope, that when the United Kingdom was a free trade country, or so called, about 1915, it imposed a tariff rate of some thirty per cent—if I am not wrong—against the motor-cars of the United States, or under its general tariff, giving us a preference of one-third off. The British government did that for a specific purpose. The United Kingdom was not given to protective tariffs at that time; it was not a protective country; it did not believe in the principle of protection. It gave protection to the motor-car industry because of its impregnation of life into other industries, because of its encouragement in the production of alloy steels, and I hope I can have the backing of the Minister of National Defence (Mr. Mackenzie) when I say, more particularly because no country to-day can defend itself without the modern armament which comes from the production of flexible power. There are two things to be considered—and again with deference to the superior knowledge of the Minister of National Defence—in connection with modern armaments. One is the aeroplane, and the aeroplane has developed out of the motor-car engine. The other is the tank, and the tank has developed out of the tractor. And we make no tractors in this country.

Mr. MacNICOL: We should.

Mr. MOORE: I quite agree that we should. We make no tractors in this country, and we are not encouraging the manufacture in this country of motor-car engines as we should be doing if we wish some day to have a self-respecting position so far as self-defence is concerned.

I wonder if the hon. member for Rosetown-Biggar, who has a very great regard for workers in this country, is quite right in his reference to wages. I had occasion some two or three years ago to look up the annual wage drawings of the men in the motor-car industry, and as I recall it, sir, they were about the third or the fourth best-paid employees in Canada.

Mr. COLDWELL: What year was that?

Mr. MOORE: I should say three or four years ago. We have been dropping back. There was a time when we in this country made twice as many motor-cars as the United Kingdom, and I am speaking offhand when I say that the situation is reversed.

I did not intend to speak on this subject, but I will say this, that the conditions of men in the motor-car industry are terrible. It is not only the men that are on relief; it is the men, as the hon. member for Rosetown-Biggar said, that are employed only half-time.

So far as the general argument on the treaty is concerned. I do not propose to enter into it now, but I will say this, that the motor-car industry will be glad to have less than the average rate which has been conceded to agriculture under the agreement. I have gone over it rather carefully, and I find that there are far greater duties in favour of the live stock industry, —I think forty-five per cent under this agreement placed on beef and veal from the United States. There is some sixty or seventy per cent on importations from the Argentine, which is a good customer for some of our manufactured products.

The other day I heard the hon. member for Dufferin-Simcoe (Mr. Rowe) speaking eloquently about the protection which should be given the dairy industry. The motor-car industry will be glad to have just one-half of the consideration which is given to the dairy industry in this country.

Mr. ROWE (Dufferin-Simcoe): I will support that too.

Mr. MOORE: When the hon. member for Rosetown-Biggar speaks of the disparity in prices, I would just have him remember that it is an illusion to think that the duty is high on durable goods because you pay it in a bulk sum. You swallow your protection on agricultural production three times a day throughout the year.

Mr. DONNELLY: Some of our protectionist friends on both sides of the house have joined together in favour of the retention of the excise tax on automobiles. I wish to associate myself with the hon. member for Rosetown-Biggar (Mr. Coldwell) in the effort to have the tax taken away. I was very

much surprised indeed, when there was any suggestion on the part of the government of touching either the duty or the excise tax on automobiles, that there was not a roar from the automobile industry. I can remember what happened in 1926. I saw them come here with their labourers, parading in front of the buildings and carrying placards reading, "I have fought for Canada, I have bled for Canada, and now I have to leave Canada because we are going to be thrown out of work." When they were told that the government would stand by the reduction in the duty they went back home, and what did they do? They made their factories bigger and increased the manufacture of automobiles so that production was greater than it had ever been before.

An hon. MEMBER: Export trade.

Mr. DONNELLY: Yes, but a good deal of it was home trade as well, and the home trade was better immediately after that was done than it had been for many years before.

Mr. STEWART: Will the hon. gentleman tell the committee what budget changes were made subsequently that gave relief?

Mr. DONNELLY: The duty remained, and all I know is that when I went to buy an automobile I paid anywhere from $50 or $75 to $100 less. I can see that by the removal of the excise tax people will be able to buy cars still cheaper.

An hon. MEMBER: They will pay for it in increased taxation.

Mr. DONNELLY: If we pay for it in some other form I am not concerned with that. The hon. member for Ontario (Mr. Moore) referred to the fact that farmers had a great deal of protection. Well, so far as the wheat growers of western Canada are concerned, they have no protection in any shape or form. There is a duty on wheat, but that does not do us a particle of good. The duty on wheat, cattle, barley, oats and rye could be removed, and its removal would not mean anything to us. The duty is not a bit of good to us. It is all eye-wash, window-dressing, something to talk about to show that you are protecting the farmer. But such protection is of no use to us. We have to pay duties on the commodities we buy, and we do not get a bit of good from the duty on wheat. You put a duty on vegetables, machinery and other commodities that we use, and we pay.

Mr. MACDONALD (Brantford City): Are you getting a guaranteed price for your wheat in the west?

[Mr. Donnelly.]

Mr. DONNELLY: We are getting a guaranteed price, yes. And why should we not? We have been contributing for years to the manufacturing concerns, so why should we not get a guaranteed price? I shall discuss that later on, but at the moment I am talking about automobiles and the hon. member will not divert me. Reference was also made to assistance given to dairymen. If you are going to use the dairymen in the way you have used the automobile people, then I suggest that the dairymen should get their cream separators free of duty, because the automobile people get their raw products free.

There is a suggestion that some automobile manufacturers may move out of the country. If any of them have moved or if they intend to move, it is not because they are not getting enough protection; it is because of the regulations and the manner in which the duty is collected. If I live in the west I pay duty not only on the automobile at the factory door, but on the freight as well. If I live in British Columbia I pay duty on about $150 more than I would pay for the car at the factory door because it costs that much more by reason of the freight. That is the first injustice to which the western consumer is subject. We pay duty on the car and on the freight to destination at a point south of the line out there, which is unfair to us and makes the duty that much higher.

Another point is this. These manufacturers hire an importing agent. The agent crosses the line and makes regulations and certain arrangements whereby the cars are bought, not at the retail price but wholesale, which is twenty-five, thirty and sometimes even as much as forty per cent less than the retail price on the other side; and when they bring the car to this country, if it costs $1,000 they pay duty not on $1,000 but on $650 or $700. Therefore they get a reduction and are able then quite easily to compete with manufacturers of cars in this country.

I maintain that the duty on cars should be collected at the factory door—wherever it may be in the United States—and we should impose that duty on the retail price, not on the wholesale price. The duty could be adjusted so as to be reasonable. But the way in which the duty is collected on automobiles to-day has made it possible for some of the automobile people to cross the line and manufacture in the United States instead of in Canada. That is the trouble; it is not the duty but the manner in which the duty is collected. The regulations should be changed.

Mr. ILSLEY: Before the discussion takes too wide a range, I should like to refer to some remarks made by the leader of the

opposition (Mr. Manion) and two or three other members. The leader of the opposition referred to a dispatch to the Detroit *Free Press*. I have not seen that dispatch; but as I understood it, it was suggested by the writer that concern was being felt that two or three of the so-called big automobile manufacturing companies might transfer operations from Canada to the United States. The Minister of Finance (Mr. Dunning) has referred to it, and I want to confirm what he has said. I have never heard it suggested that anything of that kind was likely to occur. I have never heard the fear expressed that it might occur. The fear has been expressed that a limited range of cars with small Canadian content might possibly be manufactured on the other side of the line instead of on this side. Whether that fear is justified I am not able to say with certainty; but the suggestion that has been made to me as Minister of National Revenue—and that is probably the reason why my name is mentioned in that regard—is that the law respecting valuations for duty purposes is not being properly applied by the Department of National Revenue. All that I can say in that regard is that these representations are receiving the consideration of the Department of National Revenue at the present time. I do not think there is anything more I can add.

Mr. MANION: The discussion has taken a much wider range than I had contemplated. Being of a peaceful disposition, I assure the committee that the last thought in the world that entered my mind was to stir up any contention. I really was looking for information, and I have got some; more, I must confess, from my hon. friend to my right and some other hon. gentlemen than from the ministers perhaps, because apparently the article was not sent to them. There have been resolutions—

Mr. MacNICOL: One from the city council of Windsor.

Mr. MANION: Yes, one, a very strong one, from the city council of Windsor, and various others. I assume they have been sent to the minister and other hon. members. Perhaps I had better put the one from the Windsor city council on record. It reads:

Whereas the 1938 trade treaty entered into between Canada and the United States of America provides, among other things, for the removal of the 3 per cent excise tax on imported automobiles, which removal far offsets the concession granted to manufacturers handling less than 10,000 units annually when the Canadian content in certain instances was reduced from 50 per cent to 40 per cent;

And whereas the removal of the excise tax aforesaid was included in a treaty which is binding for a period of three years, and such removal was not requested by any Canadian automobile manufacturer but by several small manufacturers who do not operate in Canada;

And whereas the removal of the said excise tax has resulted in the Willys-Overland Corporation withdrawing its decision to locate a plant in Canada, and, in addition, the Packard Motor Company of Canada and Hudson-Essex Motors of Canada are closing down their Canadian plants and arranging to import all the automobile units which were previously manufactured in Canada, with a consequent loss of income to Canadian workmen and an increased burden on the already overburdened taxpayer who must provide unemployment relief;

And whereas the removal of the said excise tax may enable the three major automobile industries in Canada to import finished automobiles cheaper than they are able to manufacture them, thus causing further drastic reductions in the amount of employment available for Canadian workmen;

Now therefore be and it is hereby resolved that this council file immediately with the Prime Minister of Canada, the Minister of Finance (Canada), and the Minister of National Revenue a vigorous protest against the government's action in removing the 3 per cent excise tax on imported automobiles, thus drastically reducing the available employment for Canadian workmen by making it more profitable for automobile manufacturers to import the finished product than to process the automobile in Canada;

And further that a delegation be authorized to attend before the Minister of National Revenue for the purpose of setting forth the irreparable damage which has been done to the automotive industry in Canada; pointing out that the automobile industry and allied trades account for over 70 per cent of Windsor's total employment, and that at present these people are faced with the slackest season experienced since 1935 with the possibility that an even lower level may yet be reached, and urging that every possible effort be put forth to remedy the situation immediately.

That is the resolution of the city council of Windsor. What I wanted to say on rising is that when I spoke earlier I was not particularly pleading—in fact I was not pleading at all, I was quoting the dispatch in the Detroit *Free Press*—I was thinking, not particularly of the industry so much as of the workmen in the industry. It has, of course, been a debatable subject for many years to those of us who have had to deal with tariffs in this parliament, whether we ever should have built up in Canada an automobile industry at all; but the fact is that under both parties we have built up the industry here, particularly in Windsor, in Hamilton and around the Niagara peninsula, and in Oshawa, whose representative spoke so eloquently a few minutes ago. We have built up this great industry with thousands of men dependent upon it for their livelihood. I do not say this with any intention of lecturing them, but I do not think the rather extreme attitude taken by some of

our western friends against the protective tariff in a case like this is fair, particularly in view of what has already been pointed out—and I am supporting it; I have no criticism to offer—that this year at any rate we are giving the western wheat grower the very finest type of protection from the point of view of dollars and cents. After all, a subsidy of $48,000,000 or $50,000,000, or perhaps more, is protection of the strongest kind. I do not want to be misquoted; I repeat that I am saying nothing against it; I have said in the west and I say it here in the east; I am one who believes that we must give both the extreme east and the extreme west of this country compensation for the tariff. But I think that when the east, which is largely paying the taxes at the present time and under present conditions, is willing to contribute its very heavy share of this forty-eight or fifty million dollars to the wheat grower—

An hon. MEMBER: Without grousing.

Mr. MANION: Yes, I do not think there has been much growling from the east. To my mind it has been done in a very fine spirit. When the east is willing to do that, I do not think the antagonistic attitude of the hon. member for Wood Mountain (Mr. Donnelly)—

Mr. DONNELLY: They took it from us before; why should they not give some of it back?

Mr. MANION: —towards protection in general was altogether justified. After all, if we have kept men at work in Windsor, Oshawa and other cities, it is just as useful to Canada as to keep men at work out west. We should remember that we are working on the basis of a Canadian nation, not just the east or the west. I think some in the east as well as some in the west, but perhaps a greater proportion in the west, must learn that the east and the west must work together.

But if the statements made in this resolution are correct, the danger is that what is going to happen is that two or three big companies in Windsor or Oshawa may close down or reduce their operations so that there will be very much less employment in those cities, and yet automobiles will not be any cheaper. In other words, there will not be any cut in price at all, and thousands of men being thrown out of work will add to the troubles of this country, and of this government if you will.

In regard to the remark of the hon. member for Rosetown-Biggar (Mr. Coldwell) that these industries should take care of their men, again I agree with him. I think we are coming to the time when all industries must do more than they have done in the past to ensure the year-round employment and the future of their employees. It happens rather strangely that I recall speaking to a huge meeting of industrialists in the Prince Edward hotel, in the city of Windsor on October 15, 1931, when I was a minister of the late government—I remember the date for a personal reason of my own—and advocating that very thing. I pointed out that there had been too much tendency in the past—

Mr. MARTIN: Will the hon. member permit a question—

Mr. MANION: Will the hon. member first let me finish my sentence. I said there had been too much tendency in the past for industrialists, when conditions became bad, to take care of their plant and machinery but to let the human part of their organization, their employees, the most important part, be turned out on the street to be cared for by charity or by the state. I believe industry must correct that. A good many companies in the United States and some in Canada are to-day doing so. Industry must combine with the government of the day, whatever government it may happen to be, in caring for its employees, giving them work throughout the year so far as it can be done.

Now did my hon. friend wish to ask a question?

Mr. MARTIN: I can cover it later.

Mr. MANION: That is the main point I wanted to make. It is not a case in my mind of trying to care for the shareholder or the bondholder; I am not particularly worried about them; I am chiefly interested in maintaining employment in this country. We have built up the industry, and I believe the government might very well give serious thought to the presentations which have been made here this afternoon from various sections of the house. I do not think they are finished; I know the hon. member for Hamilton East (Mr. Brown) has been trying a number of times to get an opportunity to speak for his section. Many sections of Canada are affected. I hope the ministers are correct in their statement, although neither of them seems very familiar with the statements made here.

Mr. DUNNING: We are familiar with what is rather more important, that is the attitude of the companies themselves.

Mr. MANION: Perhaps so. I am not criticizing, but the ministers seemed indefinite in their statement. I should be glad to see that item held over—

Mr. DUNNING: It will be in any event.

Mr. MANION: —until another day, and let the ministers make further inquiry and see if more definite information cannot be given to the committee than we have been given this afternoon.

Mr. MARTIN: The hon. member for Rosetown-Biggar, speaking immediately after my earlier remarks, I think would leave the impression that I for one am interested in this question only from the point of view of seeing that the automobile industry was maintained in this country.

Mr. COLDWELL: I did not intend that.

Mr. MARTIN: I am grateful to the hon. member for that correction, because he will recall that several weeks ago in this house, speaking on the resolution introduced by the hon. member for Comox-Alberni (Mr. Neill), I referred specifically to the condition of unemployment in so far as it affected the workingmen employed in the automobile industry. On that occasion I pointed out, and I do so again to-day, that the automobile industry, important as it is to the economy of this country, is at the same time illustrative of some of the weaknesses of what I called then and call now our acquisitive and competitive system. Consequently, and assuming that this system is here to stay for some time in spite of what hon. gentlemen opposite may wish, this is a fact. With this in mind, I urge this house and this government to bring in at once a system of contributory unemployment insurance on a national scale, so as to take care of the unemployment in reference to that particular industry.

Mr. HEAPS: How could it?

Mr. MARTIN: I cannot get on to that point, because I have discussed it already. The automobile industry is certainly one in which that measure would definitely apply.

I think the leader of the opposition did not go perhaps as far as I would when he said that we are now faced with the fact that the automobile industry is here. Whether or not it should have been introduced into our economy is another question, the leader of the opposition observed. Looking at the facts squarely, I suggest to him and to hon. members of this committee, having in mind all the subsidiary industries that are dependent upon the automobile industry; having in mind the thousands of men directly employed in that industry and in other industries which owe their existence to it, it is a very good thing for Canada that among our secondary industries we have the automobile industry. The Minister of Labour (Mr. Rogers), who these days is confronted with the problem of giving men work, would indeed be faced with a tremendous problem if not only in my own city but in Oshawa and other places throughout this country there was no automobile industry.

Mr. WOODSWORTH: My hon. friend suggests that the automobile industry is here to stay. It is here under certain privileges, and I would ask the hon. member whether the government ought not to insist that something like security of employment and decent wages should be maintained.

Mr. MARTIN: I fully agree with that. A few moments ago I repeated what I stated in this house when the resolution urging the adoption of a scheme of unemployment insurance was under discussion.

Mr. COLDWELL: Let the government take the responsibility.

Mr. MARTIN: Of course; I have said so, and I repeat it. That is one of the delights of being on this side of the house; one can freely express a dissentient view without fear of the party whip.

Mr. MANION: As long as you vote right.

Mr. MARTIN: The hon. member may be sure I will vote right.

Mr. WOODSWORTH: Why should not the industry carry the risk?

Mr. MARTIN: I am coming to that, and it is a perfectly proper question. When this government took office in 1935 they did what I thought was the proper thing, having in mind the complex features of this industry; they referred the whole matter to the tariff board, where it remains under a continuing reference. I attended the hearings of that board for almost two and a half months in an endeavour not only to follow the briefs and presentations but also to learn something about an industry of which, as to its technical side, I had very little knowledge. No one who followed that inquiry would dare rise in his place in this house and dogmatically say either that there should be no tariff on automobiles or that there should be an excessive tariff. The man who makes that sort of extreme statement I dare say is not familiar with the problem itself. But while the tariff board has considered and continues to consider this problem, I fully agree with what the hon. member for Winnipeg North Centre has said. There is a duty upon industry to provide adequately, to the extent that industry can for its employees who inevitably, even in normal times, are not continuously engaged during the course of the year.

I do not want to appear narrow or sectional in my outlook; I trust that my conduct in this house has been otherwise. But I cannot help agreeing in a measure perhaps not with the provocation but with some of the things suggested by the leader of the opposition. Undoubtedly anyone who looks at our problem generally will be impressed with the need of continued compromise between one section and another. It is not going to do my hon. friends from the west any good to suggest to those of us who live in the east that we are unmindful of the problems of the west or that under our economy we are causing those in the west to be continually subordinated to our interests. Surely that is not the picture. Undoubtedly we have conflicting economic interests, and the task of government in this country is to reconcile and compromise those interests in the interests of all.

I might rise in my place in this house and make myself a very popular man in my own constituency and my own province by saying, "I am going to oppose the wheat bonus. I am going to oppose the Prairie Farm Rehabilitation Act." I could make myself a very popular member in Windsor and other parts of Ontario if I did that, but I am not going to stoop to that kind of practice. I simply make an appeal to the house, to my hon. friends from the west who have great problems, to realize that we in the east have great problems as well. Come to my own city of Windsor; go up street after street and you will find men and women living under the most difficult economic circumstances, just as difficult as those experienced by the unfortunate people in the drought areas of the west. And what is true in the urban part of my riding is equally true in the rural section. We too have our problems, and we are not going to get anywhere in this house by pitting our sectional and political interests against the interests of Canada generally.

I hope I have not spoken too strongly, but I do feel that hon. members and particularly those from the western part of this country, regardless of their political affiliations, should realize what the automobile industry means to Canada. True, as a consumer, the western farmer is placed under a difficulty to which, with a freer system of trade, he would not be subjected; but that is an inevitable circumstance in the economy of this country, as long as we are going to preserve under this confederation nine provinces, with these various sectional interests; and the sooner we realize this, the better.

The leader of the opposition has referred to the resolution which was passed by the city council of Windsor. I forwarded that resolution to the Minister of Finance, the Minister of National Revenue, the Prime Minister and others. They were already aware of it; they had read it long before it was read in this house. It was perfectly natural that before the fact became accomplished, with all the suggested rumours and the like, people living in an area in which the automobile industry predominated should find themselves somewhat concerned. That resolution represents a perfectly legitimate concern. It represents an appeal on the part of working men and on the part of others, asking not only the government—because the government is aware of the importance of the industry to Canada—but also the house to appreciate the significance of the automobile industry in the economy of our country, and particularly to those who derive their income as working men from employment in that industry.

I must say, and I say this in the house, that I first of all thank the Minister of National Revenue (Mr. Ilsley) for the statement he has made to-day, namely that this whole matter is receiving the consideration of the government. I want the committee to know that there could have been no more painstaking effort on the part of the Minister of Finance and on the part of the Minister of National Revenue in considering this problem, as they have done during the past two or three weeks particularly, in conference day after day with members from Essex county and other parts of Ontario and myself.

Mr. MacNICOL: You cannot do anything with the matter now; the treaty is passed and in operation.

Mr. MARTIN: If my hon. friend would learn sometimes to subjugate his political interests in the interests of objective treatment, I think he would sometimes make a greater contribution to the debates of the house.

Mr. MacNICOL: How clever; well, well!

Mr. MARTIN: Well, it may not be as clever as it was intended to be, but I hope it struck the right note.

As far as the excise tax is concerned, let us of course face realities. It is in the treaty. It applies not only to the automobile industry, but all along the line. There are other ways of providing compensation for an indispensable industry—

Mr. ROSS (St. Paul's): What compensation?

Mr. MARTIN: I am afraid the Customs Act is a detailed one, but if my hon. friend is prepared to try to understand some of its

measures and clauses, he would understand the kind of aid that can be given. I do not think it is necessary for me to advise the government on this score, because it is aware of the importance of the industry to Canada, as much as I am; but speaking for an area where the automobile industry predominates, I would urge the government with all the sincerity I can to regard this measure not as one which concerns Windsor, not as one which concerns Oshawa, not as one which concerns the province of Ontario, but as one which concerns the great majority of the people of Canada.

Second, I ask the government to realize, as I am sure it does and will realize—irrespective of any representations I make to-day—that even in normal times, and even assuming this period of economic crisis had passed, unemployment in this industry is to a great extent inevitable. As the leader of the opposition has said, unless in the very near future we provide some measure of constancy of income, some measure of security of income for men engaged in the automobile industry, and in other industries as well, the situation will in its proportions touch not alone the automobile industry, not alone secondary industry, but industry as a whole.

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

Mr. MARTIN: Yes.

Mr. HEAPS: Has the hon. member any suggestion to make as to what the government should do in the existing situation?

Mr. MARTIN: I am anxious at all times to be as courteous as I can, particularly to the older members. If I said something to the hon. member for Davenport (Mr. MacNicol) which he did not like, I should like to withdraw it at once.

Mr. MacNICOL: I do not see why my hon. friend should class me as an older member?

Mr. MARTIN: At least I have put myself adequately on record.

I answer what the hon. member for Winnipeg North has asked, I have already made a suggestion, and I am afraid if I repeated it, your honour, whose generosity has been unparalleled throughout the course of my observations, might possibly stop me. I have already suggested what should be done.

Mr. HEAPS: Unemployment insurance?

Mr. MARTIN: Certainly. If there is any industry which unemployment insurance would benefit, it is the automobile industry.

Mr. HEAPS: I am figuring—

The CHAIRMAN: I do not think the hon. member is in order.

Mr. HEAPS: I am not speaking about unemployment insurance at all.

The CHAIRMAN: I was about to say that the hon. member for Essex East is out of order when he discusses, or attempts to discuss unemployment insurance under this item.

Mr. HEAPS: My question is this: In view of the fact that there is a possibility of these industries moving from Canada to the country to the south of us, is there any suggestion whereby the industry might remain in Canada?

Mr. MARTIN: In answer to the hon. member for St. Paul's (Mr. Ross) I referred to the provisions of the Customs Act. In my judgment there is within the terms of the present Customs Act an opportunity to obviate whatever harm may exist because of the removal of the three per cent excise. If I interpreted correctly what the Minister of National Revenue has said, that is one of the circumstances or proposals which is now being considered.

Mr. Chairman, I say in conclusion that this question is one which is not capable merely of dogmatic conclusion. Up to now the government of Canada has placed full reliance on the inquiry of the tariff board. That board, sitting with full opportunity of hearing all sides of the industry is, in my opinion, the best body to give the house and the government advice on a complex matter. I suggest to the government that the recommendations of that board, after the full and exhaustive inquiry it makes, should be given the consideration that is intended.

Mr. McLEAN (Melfort): Carried.

Mr. MARTIN: I wish to say one more thing, in spite of what the hon. member for Melfort has said. The item is not carried yet. The suggestion is made that some industries are going to leave Canada.

An hon. MEMBER: We have heard that many times.

Mr. MARTIN: The fact is that one has already left.

Mr. McLEAN (Melfort): Which one?

Mr. MARTIN: One has already left. The fact is, also, that unless the precautionary steps, which I believe are at least to be derived inferentially from what the Minister of National Revenue has said, are taken, other

industries may have to leave. But the automobile industry has made an honest effort to include as much of the materials that go to constitute a car out of materials made in Canada, as any industry has. While some hon. members opposite may say that this government is hurting industry, in spite of the difficulty at the present time let me tell them it was under this government that the Ford Motor Company was able to make an addition to its plant costing $8,000,000. It was under this government that the Chrysler corporation was able to add to its plant by a $3,000,000 additional structure.

Mr. MacNICOL: The Conservative tariff policy.

Mr. MARTIN: That is what my hon. friend says. I say it was under this government, and there was not then the same tariff policy as prevailed when my hon. friend's party was in power.

Mr. DUNNING: I can see that this item will not carry, so it will have to stand. While the committee will continue sitting to-night, if it meets the convenience of hon. members the Minister of Trade and Commerce (Mr. Euler) will take up schedule II.

Mr. MANION: The hon. member for Broadview (Mr. Church) was ruled out of order to-day. I take the matter up because I notice item 415 was discussed on March 21. I turn over the page and find that at six o'clock the item had not passed. I understand from the hon. member for Broadview that this afternoon when he attempted to say something with respect to it he was ruled out of order. He would like to have an opportunity to speak. I know the minister had no intention of preventing the hon. member from speaking. I should like to have it understood that when we sit again the hon. member will have an opportunity to speak respecting item 415. *Hansard* shows that it had not passed.

Mr. DUNNING: My impression was the hon. member for Broadview went on subsequently, and did discuss it.

Mr. MANION: This afternoon he did not get a chance, and he wanted to say something about it. Is it understood he will have that opportunity?

Mr. DUNNING: Yes.

Item stands.

At six o'clock the committee took recess.

[M. Martin.]

After Recess

The committee resumed at eight o'clock.

On schedule II.

United States tariff—1. Acetic acid containing by weight of acetic acid:

Not more than 65 per centum: ¾ cent per pound.

More than 65 per centum: one cent per pound.

Mr. HARRIS: Mr. Chairman, it is not customary to start in on a new schedule without the minister making a general statement covering the whole schedule. In the agreement as it is before us, there is a summary preceding schedule II, but surely on an important matter such as this the minister will make a general statement. We have another minister handling this part of the agreement, the Minister of Trade and Commerce (Mr. Euler), and it is only reasonable to expect from him a general statement in like manner as the Minister of Finance (Mr. Dunning) made a statement. I have never in all my experience in this house seen the committee of ways and means start on a schedule just as fast as we have started on this, by the chairman calling item 1, without any statement whatsoever from the minister. If the minister is not quite clear as to the sort of statement we expect, it might assist him if I asked a few questions.

Has the minister been in close collaboration with his colleagues on every item of this section, or did one minister give certain concessions in the Canadian market without a correlated study by the minister directly concerned with concessions received by Canada? Is there any balance-sheet based on trade over any given period, whether that trade be trade as shown in the statistics of the Department of Trade and Commerce for the year ending December, 1937, or trade as reflected in the trade statistics as we receive them from our own bureau of statistics?

The minister might also tell us what sort of balance sheet he had in his mind. He is more or less a trained man who, when he looks at a business transaction apart from political considerations, would first give some thought to what we are getting and what we are giving. I have a full realization, Mr. Chairman, of all the political and other considerations which the minister finds it necessary to carry in his mind, of the good that treaties of this kind may do when negotiated between two democratic countries like Canada and the United States, so closely associated in so many ways, and also of the cooperation that we gave to help the mother country make a trade agreement with the United States. I have all that in mind, but there is another

feature, and that is the cold-blooded figures of the balance sheet. That is what we do not have, and I say to this government that they have not been entirely fair to the Canadian people.

I say to the members of this house: You do not know what you are passing in this agreement in dollars and cents. I will put it the other way: Leave out everything else, and I ask, do you know what you are passing in dollars and cents? Have you the information in front of you? Do you not agree with me, Mr. Chairman, that the hon. Minister of Trade and Commerce, with all the assistants and executives he has around him, is the man who should be charged with the responsibility of letting us know what we are doing here?

Mr. EULER: Give us a chance.

Mr. HARRIS: It is true he made a speech in the house on the trade treaties in the month of January, 1939, when he apologized because he had only forty minutes and all that sort of thing. But this trade treaty is not limited to the month of January, 1939, and in all fairness to those of us who are at least trying to gather some sort of idea whether this trade treaty is fair and equitable, we should have more information.

In the very document which the Prime Minister tabled on the day these trade treaties were introduced, there was a tabular statement. That tabular statement should have been in our hands six or eight weeks before that. My second observation is this, that that tabular statement, as the minister well knows, when it comes to the concessions which the United States gives to Canada, gives the dollar value of the commodity affected. There is, on the other hand, no similar tabular statement given us by this government as to the amount of goods affected during any particular period by the concessions given by Canada. Why should those of us who are interested in this have to work out the calculation for ourselves, and then not know how the treaties were negotiated? This is what the Minister of Trade and Commerce received for Canada; these are the concessions, taken off as accurately as they could be by clerks and a couple of boys at the university of Toronto who have taken post-graduate courses in commerce and finance and have no political ends to serve. On all items over $25,000, based on the trade of Canada for the year ending March 31, 1938, we have given concessions double in dollar value what we are receiving. That is without touching excise tax; when excise tax is added, our concessions are treble what we have received.

I complain about this procedure, Mr. Chairman, that you call item No. 1, and the minister is going to slip these items through one after the other, while we who in this House of Commons are charged with responsibility to the Canadian people are not clear as to what we are doing on the hard basis of dollars and cents. The minister has made clear his sentiments about negotiating this deal on behalf of democracy and all that sort of thing, but do we know what we are entitled to know? Has the government, in following the old procedure of holding back information to the very last minute, acted quite fairly towards us? They held back the treaty until it was signed and then gave their press releases. Take this so-called tabular statement of tariff changes; why is this information held back until the matter is introduced in the house and the minister takes his place in this chamber to pass the individual items? That is not giving us a fair opportunity to study this treaty.

Our good friend the United States, as is well known, do not do business in that way. They treat these business matters on a business basis, and I think it is time—never mind the past, "it was done this way before," and all that sort of thing—we had a little more business principle injected into the procedure in this chamber, particularly when we have a problem of this kind, which it is so easy to put in the form of dollars and cents so that he who runs may read. Yet we have not the facts in that particular form.

I am sorry that I have to ask the minister all these questions. I should have liked to see him give the committee a statement and avoid the necessity of asking for this information; but in the absence of it I feel, upon my responsibility as a member of this house, that before the minister goes on with the items, I must ask him to give us some idea as to how they were negotiated, tell us why the less amount of duties payable on goods going into the United States is $2,400,000, while the less amount of duties payable on goods coming into Canada is $5,130,000 and the less amount of excise payable on goods coming into Canada will be anywhere from ten to fifteen million dollars; why on the one hand we should give away from our exchequer some fifteen million dollars, and why on the other the concessions made by the United States amount to only two and a half million dollars. At the same time he should have taken us into his confidence and told

us why the Canadian people have not been given some idea of what has been going on, so that they could have made representations before the pact was signed, and would have been able to judge better the consequences of it to Canada. Before proceeding, I should appreciate it greatly if the Minister of Trade and Commerce would tell us what he has to say in that regard.

Hon. W. D. EULER (Minister of Trade and Commerce): The Minister of Trade and Commerce does not think that this is the moment to make a general resumé of the whole agreement. As a matter of fact, as the committee well knows, we spent probably a week in discussing the resolution, and the general aspects of the trade agreement were pretty fully dealt with at that time. The hon. member made reference to what was done by the Minister of Finance (Mr. Dunning) when schedule I was being considered. As a matter of fact, no preliminary statement was made by the Minister of Finance. He was not in the house when the first items were passed and carried.

Mr. HARRIS: If I may interrupt, do not let us again have to refer to the fact that all of us were sorry to see the Minister of Finance so much as introducing the measure; we all had a great deal of sympathy for him, knowing he was not as well as he would like to be. As I said in my remarks yesterday, I stayed away from here for two days on account of the government placing the Minister of Finance in the position of putting this particular measure through the house.

Mr. EULER: I do not propose to take refuge behind anything that the Minister of Finance may or may not have done. I would merely repeat that in a general way the agreement has been discussed directly in this house by hon. members in the debate on the address in reply to the speech from the throne and again when the resolution was introduced.

My hon. friend speaks of the minister slipping these items through. There is no intention on the part of the minister, even if he could, to do anything of the kind. He cannot do it even though he wanted to. I should be glad enough to see the items go through quickly, especially in view of the fact that in any event no change can be made in them, but there is certainly no intention on the part of the minister to try to choke off discussion.

I reiterate that it seems to me that now, since we are in committee, we ought to discuss this item by item. My hon. friend has asked for a sort of balance sheet or a statement of debits and credits as to the amount of business affected in our imports and our exports. I think all that was pretty well dealt with; but if he is going to expect me to say that, when one particular item was negotiated with United States representatives, we would then say, "Now we are going to get so much on this item and we are going to give so much on the other item" and try to strike an absolute balance, I am sure that every intelligent man in the house—and they are all intelligent—must know that such is absolutely impossible.

Mr. HARRIS: All intelligent except me, I suppose.

Mr. EULER: No. I give my hon. friend credit for having about as much intelligence as anyone else in the house, and he knows it would be impossible for me to do anything of the sort. Trade agreements are not made in that way. I have not had so great an experience in connection with them, and perhaps he has not either; but I assure him it is not possible that a man shall sit down and say, "You give me this; I give you that"; then, "You give me this; I give you that" and so on, going through the whole schedule. That is not the procedure.

As to the amount of business affected in dollars and cents, that has been given before. But I would again say to the committee, in all fairness, we are now in committee dealing with the items one after another, and I shall be glad, as hon. members ask for the information, to give them all the information in dollars and cents and in any other way it is possible for me to give full information on each item as we discuss it. I think that is a fair attitude to take.

Mr. HARRIS: The minister is quite ready to give the figures on each and every item. If he has the figures on each and every item, of course he has the figure for all the items, that is the grand total. Could he give us the grand total before he starts in: how much trade is affected; how much less in duties there is to be paid by the Canadian people on goods shipped into the United States; and in like manner, how much less duty the United States had to pay on shipments of goods into Canada?

Mr. EULER: I cannot give the information exactly as my hon. friend wants it. I shall not press the point that the hon. member is a little out of order in asking for that information on one particular item. He is

entitled to all the information that can be given on the item itself and on the other items as we come to them. I was not prepared for a question of this sort, but I have a statement with regard to the concessions to us affecting 202 items, amounting to $327,000,000. The concessions which we gave affect approximately $280,000,000. I do not know whether the hon. member wants that information, but it has been in printed form before the members of the house for weeks.

Mr. HARRIS: Will the minister concede this? Will he have his department put in tabular form, item by item, the amount of business consummated as at March 31, 1938, or, if he wants to use the Washington figures, as I understand his commissioners did when in Washington, the amount of business consummated in their fiscal year, the amount of duty payable in the past year, and the amount of duty that will be payable under the new rates, giving information with regard to both imports and exports?

Mr. EULER: I can assure my hon. friend that has never been done before. While I do not want to enter into any comparisons or recriminations, I am sure it was not done in that way in 1932 when the other agreements were made. Besides, if I conceded what my hon. friend asks, we would be here for three or four weeks getting that information in tabular form. I think we ought to go on with the discussion of the item that has been called.

Mr. HARRIS: The minister says we ought to go on with the item—

The CHAIRMAN: Order. I agree with the minister that we should follow the procedure which has always been observed in committee of the whole and take the schedule item by item, beginning with the one that has been called.

Mr. ROSS (St. Paul's): With regard to item 1, which we are discussing, I submit that before we can properly discuss even this item, which is a concession given to Canada under the agreement, there are two things that we should have before us. In the first place we have been told by the Prime Minister himself that we have made no more concessions under this agreement than we were asked to make by Great Britain. In order that we, as members of this house, can properly judge that question, we should be given the information as to what concessions Great Britain asked us to make so that this tripartite treaty might be made. We have never had that information, although I have asked for it several times. I have requested that it be tabled. We do not know what concessions Great Britain asked us to make. There are certain things that Great Britain asked us to do. That is one thing; and there is this other factor, where I think the smoke screen has been laid, that this treaty we are making is something entirely different from the trade agreement between Great Britain and the United States. Before we can discuss this item, we should know whether we have adequate concessions. We ought to have that information.

The CHAIRMAN: Will the hon. member for St. Paul's please discuss item 1. He is not doing so.

Mr. ROSS (St. Paul's): I have been talking about item 1, and I say that before we can intelligently discuss it as part of the treaty we should have the information which I have asked for time after time.

Mr. CHURCH: I wish to ask this question regarding this item and all others. Was there any consultation with business or labour or agriculture before this change was entered into? It seems to me the change is for the benefit of the United States. Did the minister do what was done at Washington? There they consulted industry, labour, business and agriculture and gave them a chance. I submit that when we are dealing with something of this great importance and magnitude, those who are affected have a right to be heard. What steps did the minister take to notify the Canadian interests I name, concerned? At Washington they had thirty days in which to file objections and three months to appear before a board. Even admitting the difference in constitution and functions between the two governments, surely in a matter of this magnitude, before such far-reaching hundreds and hundreds of changes are brought about, those who are vitally affected should be consulted.

Mr. EULER: I can answer my hon. friend very briefly. The producers of this item made representations to the government to try to obtain this concession. It is a concession of 50 per cent. The tariff is reduced from $1\frac{3}{8}$ cents to $\frac{3}{4}$ cent in one case and in the other from $1\frac{1}{4}$ cents to 1 cent. This was secured as a direct result of representations made by Canadian producers. It has been done for the benefit of the Canadian producer.

Mr. BARBER: What firms or companies asked for the reduction? Where is the main production in Canada?

Mr. EULER: I can hardly give the names of the firms. There are only one or two, located in the province of Quebec.

Mr. BARBER: None in British Columbia?

Mr. EULER: No.

Mr. WALSH: What I have to say on this item has reference generally to the whole treaty. My remarks can be applied to this particular item, and I put them forward as a suggestion, and a hope that in future trade agreements we may avoid the discussion that has taken place here to-night. The question has been asked, to what extent the people interested in this particular item were consulted? Were they given an opportunity to make representations? Were they advised that this item was one which was under consideration, as happened in the United States? When the people on the United States side of the line are drawing up a treaty of this kind or entering into negotiations, as the minister well knows, every item in their part of the treaty that is going to be affected was discussed with those interested, and the people manufacturing the product in the United States, or who might be directly or indirectly affected, were consulted long before the people representing Canada were negotiating with the government of the United States. I have in my hand an extract from volume 48, part 1, Public Laws of the United States, 1933-34, with particular reference to the Tariff Act of 1930 amendment approved June 12, 1934 —it even gives the time of approval, 9.15 p.m. I read section 4:

> Before any foreign trade agreement is concluded with any foreign government or instrumentality thereof under the provisions of this act, reasonable public notice of the intention to negotiate an agreement with such government or instrumentality shall be given in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate, under such rules and regulations as the President may prescribe; and before concluding such agreement the President shall seek information and advice in respect thereto from the United States tariff commission, the Departments of State, Agriculture and Commerce and such other sources as he may deem appropriate.

So we see that the negotiators on the part of the United States are carefully circumscribed by certain provisions that prevent their industries from being injured without fair opportunity being given to make representation beforehand in proper quarters. In other words, those negotiating the treaty for the United States are better armed than those negotiating the treaty on behalf of Canada.

In particular reference to this item 1, and with reference generally to all items in this treaty, I claim and maintain that those interested in the various items in Canada were not given the same opportunity as those in the United States, and I am asking the government to give consideration to the possibility of incorporating into our law what they have in the laws of the United States, something that will give our people a better opportunity to make their views known to the government long before the terms of a treaty are negotiated and signed and come into effect. I think that is a fair and reasonable suggestion, it is a proposition that I have urged on previous occasions and one which I think should commend itself to every hon. member, as it certainly does to everyone engaged in business and industry in Canada.

Mr. MARSHALL: I should like to ask the minister a couple of simple questions in order to get this clear in my mind. With reference to the last two columns of figures, under the heading of "Value of United States imports 1937 (preliminary)," what is the meaning of the word "preliminary," and also what is that total of $3,875? Is that the total amount of imports into the United States?

Mr. EULER: Yes, it is described as imports.

Mr. MARSHALL: From all countries?

Mr. EULER: Yes, and then there is a column headed "From Canada"; one column for the total imports and the other for imports from Canada.

I should like to reply for a moment to the hon. member for Mount Royal (Mr. Walsh). I cannot quite grasp the point he desires to make. If he had made the argument which he has just made when we were on schedule I, concessions proposed to be made to the United States on imports into the Canadian market, possibly injuring Canadian producers, I could understand his argument. But this is a case where we are obtaining advantages for Canadian producers in the United States market. We are trying to do something for these people. This was done at the request of the Canadian producers. We tried to please them and I think we have helped. I do not see how anyone could possibly be injured as my hon. friend charges. If he said, now here is an intention to bring in this particular commodity at a lower rate of duty into Canada, I could understand it. But the shoe is on the other foot; we are making it easier for the Canadian producer to sell these goods in the United States. Surely there is not much

wrong with that, unless he might say we ought to have had a still further reduction. But we got it as low as it was possible to get it.

Mr. BARBER: Were there any exports to Great Britain under this item 1? If so, what quantity? And were there any imports from Great Britain? Would the minister give the exports to and imports from the United States, and also the tariff on this product entering Canada?

Mr. EULER: I am not sure that I can remember all my hon. friend's question. There are no exports recorded to Great Britain, I am informed. The imports were about $3,600, all from the United States. There are no imports from Great Britain.

Mr. BARBER: What is the United States tariff on this item?

Mr. EULER: It is all there right before my hon. friend.

Mr. BARBER: Then what is the rate entering Canada from the United States?

Mr. EULER: The most favoured nation rate is 12½ cents a gallon, and for each degree over proof another 1¾ cents.

Mr. HARRIS: Is this vinegar edible under item 1? The item is acetic acid, not more than 65 per cent; and again, more than 65 per cent.

Mr. EULER: No, it is not edible.

Mr. HARRIS: The minister probably knows that this item was free of all duty going into the United States under the United States Tariff Act, 1931. Why did they not take all the duty off again?

Mr. EULER: No, it was not free. Under the Fordney-McCumber tariff of 1932 it was ¾ cent a pound just as it is now; under the Hawley-Smoot tariff, 1⅜ cents; under the 1935 trade agreement, 1⅜ cents; and it now becomes ¾ cent a pound.

Mr. WALSH: Can the minister say whether there was any noticeable increase in the export of this item to the United States during the first two months of the current calendar year?

Mr. EULER: I have not the figures for that.

Mr. WALSH: Would those figures be available from the bureau of statistics? I suggest that these items would go through with a good deal more facility if hon. Liberal members opposite would give a little more attention to the items and less attention to amusing themselves.

Mr. HOWARD: If the hon. member—

Mr. WALSH: If the cap fits the hon. member for Sherbrooke (Mr. Howard), let him sit down.

Mr. HOWARD: If the hon. member directs that remark to me, let him tell me whether he objects to this reduction in the United States duty.

Mr. WALSH: I object to the silly nonsense on the part of the hon. member for Sherbrooke and others on that side of the house.

Mr. HOWARD: I think, Mr. Chairman, the hon. member might withdraw that remark.

The CHAIRMAN: I think the hon. member knows it was unparliamentary, and I am sure he will withdraw it.

Mr. WALSH: I always withdraw anything that is unparliamentary, but I hope it will lead to better decorum.

Item agreed to.

United States tariff—2. Vinyl acetate, polymerized or unpolymerized, and synthetic resins made in chief value therefrom, not specially provided for: 3 cents per pound and 15 per cent ad valorem.

Item agreed to.

United States tariff—10. Fir or Canada balsam, natural and uncompounded, and not containing alcohol: 5 per cent ad valorem.

Item agreed to.

United States tariff—11. Synthetic resins made in chief value from vinyl acetate, not specially provided for: 3 cents per pound and 15 per cent ad valorem.

Item agreed to.

United States tariff—16. Calcium acetate, crude: ½ cent per pound.

Mr. HARRIS: I imagine this is acetic acid using lime as a carrier. Has the minister the export figures for the two different grades of calcium acetate, the red and the gray?

Mr. EULER: No, I am not able to supply that.

Mr. HARRIS: Would the minister tell us the duty on calcium acetate coming into Canada from the United States, and what our imports were from that country, if any?

Mr. EULER: It is free coming into Canada, and imports amounted to about $18.

Mr. HARRIS: I should like to ask if the calcium acetate carries the same rate when it is used for fertilizer as it does when used in the manufacture of acetic acid.

Mr. EULER: If it is brought into Canada for the manufacture of fertilizer it comes in free.

Mr. HARRIS: What was the rate in 1931?

Mr. EULER: In 1930 it was one cent a pound.

Mr. HARRIS: I notice no figure is given for the value of United States imports. I should like to ask if the 1937 preliminary figures were supplied by the Department of Commerce at Washington.

Mr. EULER: They are not available from United States records on this item, so we had to give them from our own records. As far as our records are concerned there were no exports at all.

Mr. HARRIS: The figures as given in the Trade of Canada for the year ending March 31, 1937, show a trade amounting to 118,239 pounds.

The CHAIRMAN: Shall the item carry?

Mr. HARRIS: Before the item carries, I should like an answer to a bona fide question that I asked; that is, the value of United States imports. I should like to know if the figures in this tabular statement which has been supplied to the members are the figures which have been issued by the Department of Commerce at Washington in regard to United States trade.

Mr. EULER: They are, but in this instance there are no imports at all.

Mr. HARRIS: Then, taking these figures, I say again what I said on a previous occasion, that by addition and subtraction the balance of trade against Canada last year was $196,000,000.

Item agreed to.

United States tariff—29. Cobalt oxide: 10 cents per pound.

Mr. ROSS (St. Paul's): Is cobalt oxide controlled by a cartel?

Mr. EULER: Yes, the only Canadian producer is a member of the international cartel.

Mr. HEAPS: What use are the tariffs in those instances?

Mr. EULER: Perhaps not very much.

Item agreed to.

United States tariff—52. Sperm oil, crude: 2½ cents per gallon.

Item agreed to.

United States tariff—52. Shark oil and shark-liver oil, including oil produced from sharks known as dogfish, not specially provided for: 10 per cent ad valorem.

Mr. BARBER: What is the production in Canada?

Mr. EULER: In 1936 it was 176,586 gallons.

[Mr. Harris.]

Mr. HEAPS: Are we on the first or second item 52?

The CHAIRMAN: Item 52 carried.

Mr. HARRIS: Mr. Chairman, I have before me item 52, and I was endeavouring to rise in my place and address the chair in order to ask a question. Will the minister explain the operation of section 601 of the Revenue Act, which is referred to in the tabular statement with regard to this item, and tell us what other items are affected by the tax of 3 cents a pound, and what kind of tax it is?

Mr. EULER: The products that are subject to the revenue tax are:

Whale oil (except sperm oil), fish oil (except cod oil, cod liver oil, and halibut liver oil), marine animal oil, tallow, inedible animal oils, inedible animal fats, inedible animal greases, fatty acids derived from any of the foregoing, and salts of any of the foregoing; all the foregoing, whether or not refined, sulphonated, sulphated, hydrogenated, or otherwise processed, 3 cents per pound: Provided, That no whale oil (except sperm oil), fish oil, or marine animal oil of any kind (whether or not refined, sulphonated, sulphated, hydrogenated or otherwise processed), or fatty acids derived therefrom, shall be admitted to entry, after June 30, 1939, free from the tax herein provided unless such oil was produced on vessels of the United States or in the United States or its possessions, from whales, fish or marine animals and parts thereof taken and captured by vessels of the United States.

I am not sure whether that is the information my hon. friend wants.

Mr. HARRIS: That is it exactly; thank you. When they were dealing with the Revenue Act of 1932 and the Revenue Act of 1936, which was an amendment, what happened to the other items the minister has just enumerated? Were any representations made in connection with them?

Mr. EULER: We could deal only with items of which we were the chief source of supply, and that did not apply in these other instances.

Item agreed to.

United States tariff—58. Distilled or essential cedar-leaf oil, not containing alcohol: 12½ per cent ad valorem.

Item agreed to.

United States tariff—71. Gas black, includngg carbon black, and acetylene black, dry or ground in or mixed with oil or water, and not specially provided for: 10 per cent ad valorem.

Item agreed to.

United States tariff—81. Sodium chloride or salt:
In bags, sacks, barrels, or other packages: 7 cents per 100 pounds.
In bulk: 4 cents per 100 pounds.

Item agreed to.

United States tariff—201(a). Fire brick, not specially provided for: 12½ per cent ad valorem.

Item agreed to.

United States tariff—201(b). Brick, not specially provided for, not glazed, enamelled, painted, vitrified, ornamented, or decorated in any manner: $1 per 1,000.

Item agreed to.

United States tariff—203. Limestone (not suitable for use as monumental or building stone), crude, or crushed but not pulverized: 2½ cents per 100 pounds.

Item agreed to.

United States tariff—203. Lime, not specially provided for: 5 cents per 100 pounds, including weight of container.

Item agreed to.

United States tariff—203. Hydrated lime: 6 cents per 100 pounds, including weight of container.

Item agreed to.

United States tariff—205(d). Cement, not specially provided for: 10 per cent ad valorem.

Item agreed to.

United States tariff—207. Bentonite:
Unwrought and unmanufactured: 75 cents per ton.
Wrought or manufactured: $1.62½ per ton.

Item agreed to.

United States tariff—207. Crude feldspar: 25 cents per ton.

Item agreed to.

Mr. HEAPS: Could the minister give us an idea of the total production of this mineral in Canada?

Mr. EULER: In 1937, 21,330 tons (crude and ground).

Mr. HEAPS: What is the value per ton of that commodity?

Mr. EULER: There is a total value of $178,160.

Mr. HARRIS: On a point of order; I feel that the item should be read. That has been the procedure for many years. Item 207, respecting crude feldspar, should be read.

The CHAIRMAN: There are two items numbered 207, the first of which has been passed. We are now discussing the second one, respecting crude feldspar.

Mr. HARRIS: And on the item respecting crude feldspar I base my point of order. I would make this observation: Articles contained in this schedule, such as crude feldspar which appears in the list of concessions by the United States, under schedule II, represent a better opportunity for Canada to get her products into the United States. We welcome that, very much. But crude feldspar and all other items in the schedule seem to be commodities which have a minimum of Canadian labour in them; they have a minimum of highly skilled labour, whereas in schedule I, goods coming into Canada on which concessions have been given, there seem to be items which have a maximum of labour content in them.

Item agreed to.

United States tariff—208(f). Untrimmed phlogopite mica from which no rectangular piece exceeding two inches in length, or one inch in width may be cut: 10 per cent ad valorem.

Item agreed to.

United States tariff—208(g). Phlogopite mica waste and scrap valued at not more than 5 cents per pound: 15 per cent ad valorem.

Item agreed to.

United States tariff—208(h). Mica, ground or pulverized: 15 per cent ad valorem.

Mr. BARBER: What is the Canadian production of this item?

Mr. EULER: In 1937 there were 93,699 pounds of mica, rough cobbed; 206,757 pounds of knife trimmed; 172,774 pounds of thumb trimmed; 72,500 pounds of splittings; 1,252,887 pounds of scrap, and all of these have a total value of $132,011.

Item agreed to.

United States tariff—209. Talc, steatite or soapstone: Ground, washed, powdered, or pulverized (except toilet preparations), valued at not more than $14 per ton: 17½ per cent ad valorem.

Item agreed to.

United States tariff—214. Ground feldspar: 15 per cent ad valorem.

Mr. WALSH: In connection with item 214 I notice the value of United States imports in 1937 was zero. Has that been the same value for a number of years, or is it just significant for that particular year.

Mr. EULER: Apparently there has never been any large quantity exported from Canada to the United States. In 1936 there was $301 worth. The duty has been so high that it has not been possible to export.

Mr. WALSH: Is it because of lack of machinery in this country to produce ground feldspar, or is it the duty?

Mr. EULER: We have producers of ground feldspar in Canada. But the duty of 30 per cent was apparently too high to enable it to get into the United States market.

Mr. WALSH: That is the point I wish to make. Item 207 which has been passed refers to crude feldspar, and in connection with that item quantities have been exported. We are now dealing with ground feldspar, without any exports at all. Apparently the people of the United States are willing to import the crude product, but they are not willing to import feldspar on which work has been done. Is that the correct inference, or have I gone up the wrong alley?

Mr. EULER: I think the correct inference is that the people of the United States are apparently willing to let us send in some ground feldspar, because they have reduced the rate from 30 per cent to 15 per cent.

Item agreed to.

United States tariff—214. Ground nepheline syenite: 15 per cent ad valorem.

Provided, that, if in any calendar year after 1938 the aggregate quantity of nepheline syenite in any form, whether dutiable or free, entered, or withdrawn from warehouse, for consumption exceeds 50,000 tons, the government of the United States of America and the government of Canada shall promptly enter into consultation, with a view to reaching an agreement as to whatever measures may be deemed appropriate, and if, within 60 days after the two governments enter into consultation, a mutually satisfactory settlement has not been effected, the government of the United States of America shall have the right to increase the duty on any nepheline syenite which is subject to duty and to impose a customs duty on any nepheline syenite which is not subject to duty entered, or withdrawn from warehouse, for consumption in any calendar year in excess of an aggregate quantity of 50,000 tons of nepheline syenite in any form.

Item agreed to.

United States tariff—214. Stone, not specially provided for (except marble chip or granito and Cornwall stone), ground, or crushed otherwise than merely for the purpose of facilitating shipment to the United States: 15 per cent ad valorem.

Item agreed to.

United States tariff—214. Dead-burned basic refractory material containing 15 per centum or more of lime and consisting chiefly of magnesia and lime: 20 per cent ad valorem.

NOTE: The existing customs classification treatment of the merchandise described in this item as provided for in paragraph 214, Tariff Act of 1930, in accordance with the ruling announced in treasury decision 45041 (60 Treasury Decisions 114) shall be continued during the effective period of this agreement.

Item agreed to.

[Mr. Walsh.]

United States tariff—301. Spiegeleisen containing more than one per centum of carbon: 75 cents per ton.

Item agreed to.

United States tariff—302(d). Ferromanganese containing not less than 4 per centum of carbon, on the metallic manganese contained therein: $\frac{3}{8}$ cent per lb., plus $1\frac{1}{4}$ times the lowest rate of ordinary customs duty provided for manganese ore containing in excess of 10 per centum of metallic manganese the product of any foreign country except Cuba, at the time such ferromanganese is entered, or withdrawn from warehouse, for consumption; but not more than $1\frac{5}{8}$ cents per pound.

Item agreed to.

United States tariff—302(i) Ferrosilicon, containing 8 per centum or more of silicon and less than 30 per centum: one cent per pound on the silicon contained therein.

Item agreed to.

United States tariff—302(k). Ferrochrome or ferrochromium containing 3 per centum or more of carbon: $1\frac{1}{4}$ cents per pound on the chromium contained therein.

Item agreed to.

United States tariff—302(l). Boron carbide: $12\frac{1}{2}$ per cent ad valorem.

Item agreed to.

United States tariff—302 (m). Ferrotitanium, ferrovanadium, and ferrouranium: 15 per cent ad valorem.

Item agreed to.

United States tariff—304. Hollow bars and hollow drill steel, valued above 8 and not above 12 cents per pound: 20 per cent ad valorem.

Provided, that the duty assessed under this item shall not be less than $1\frac{5}{8}$ cents per pound.

Provided further, that no article assessed with duty under this item shall be subject to a separate additional duty under the second proviso to paragraph 304 of the Tariff Act of 1930.

Item agreed to.

United States tariff—318. Woven-wire cloth: Gauze, fabric, or screen, made of wire composed of steel, brass, copper, bronze, or any other metal or alloy, not specially provided for:

With meshes not finer than thirty wires to the lineal inch in warp or filling: one cent per square foot, but not less than $12\frac{1}{2}$ nor more than 25 per cent ad valorem.

With meshes finer than thirty and not finer than ninety wires to the lineal inch in warp or filling: 5 cents per square foot, but not less than 20 nor more than 40 per cent ad valorem.

Item agreed to.

United States tariff—323. Axles and parts thereof, axle bars, axle blanks, and forgings for axles, of iron or steel, without reference to the stage or state of manufacture, not specially provided for, valued at not more than 6 cents per pound: $\frac{3}{10}$ cent per pound.

Item agreed to.

United States tariff—327. Cast-iron fittings for cast-iron pipe: 15 per cent ad valorem.

Item agreed to.

United States tariff—327. Cast-iron and irons, plates, stove plates, sadirons, tailors' irons, hatters' irons, but not including electric irons, and castings and vessels wholly of cast iron, including all castings of iron or cast-iron plates which have been chiseled, drilled, machined, or otherwise advanced in condition by processes or operations subsequent to the casting process but not made up into articles or parts thereof, or finished machine parts: 10 per cent ad valorem.

Item agreed to.

United States tariff—327. Moulders' patterns, of whatever material composed, for the manufacture of castings: 25 per cent ad valorem.

Mr. HARRIS: Would the minister make a statement with respect to item 327, dealing with moulders' patterns for the manufacture of castings? Who asked for the concessions on moulders' patterns? Is this a request from the United States so that they may get our patterns into that country cheaper to make our castings for us from those patterns, or was this a request from Canadian manufacturers, Canadian foundries or Canadian producers of castings?

Mr. EULER: The request came from Canadian producers.

Mr. HARRIS: Producers of castings?

Mr. EULER: No, not of castings, but of patterns.

Mr. HARRIS: I understand the request came from Canadian producers of castings—

Mr. EULER: Of patterns.

Mr. HARRIS: Of patterns, so that patterns may be let into the United States for the manufacture of castings, at half the previous rate. This is just another example of where, through the negotiation of this treaty and the one which preceded it, an industry will be unable to take up its fair share of employment, and will be unable to take off the streets of Canada some 40,000 iron and steel workers. It is another example, where moulders' patterns, which those workers use in their handicraft or their work, will go into the United States at a lesser rate of duty. I have in my mind's eye the fact that perhaps a great number of castings will be coming back into Canada. It shows clearly to my mind that the Department of Labour, and the minister who is supposed to be charged with the responsibility of attempting to find employment for our people, have not been in close cooperation with the Minister of Trade and Commerce, when he found it necessary to give this particular concession.

Mr. EULER: I do not wish to argue the point, but the only comment I would make is that if these patterns were not made in Canada there would be just that many more unemployed people.

Item agreed to.

United States tariff—329. Chain and chains of all kinds, made of iron or steel:
Less than ¾ and not less than ⅜ of one inch in diameter: ¾ cent per pound.
Less than ⅜ and not less than 5/16 of one inch in diameter: 1½ cents per pound.

Mr. BARBER: What would the ad valorem rate on this item be?

Mr. EULER: Thirteen or fourteen per cent.

Item agreed to.

United States tariff—353. Washing machines, having as an essential feature an electrical element or device, and parts thereof; any of the foregoing, finished or unfinished, wholly or in chief value of metal, and not specially provided for: 17½ per cent ad valorem.

Item agreed to.

United States tariff—353. Cooking stoves and ranges, having as an essential feature an electrical heating element, and parts thereof; any of the foregoing, finished or unfinished, wholly or in chief value of metal, and not specially provided for: 17½ per cent ad valorem.

Item agreed to.

United States tariff—370. Motor boats, including yachts or pleasure boats, whether sail, steam, or motor propelled, valued at not more than $15,000 each: 15 per cent ad valorem.

Item agreed to.

United States tariff—374. Aluminum, aluminum scrap, and alloys (except those provided for in paragraph 302 of the Tariff Act of 1930) in which aluminum is the component material of chief value, in crude form: 3 cents per pound.

Mr. ROSS (St. Paul's): Is aluminum controlled by an international cartel?

Mr. EULER: Not so far as we are aware.

Mr. ROSS (St. Paul's): I understood it was controlled by an international cartel. All I am getting at is this: It really is not any concession to Canada to have the duty on aluminum reduced?

Mr. HEAPS: What is the total production of aluminum in Canada?

Mr. EULER: There is only one producer and we have not the statistics.

Mr. HEAPS: It is a United States concern, is it not?

Mr. EULER: It is called the Aluminum Company of Canada.

Mr. HEAPS: Who controls it?

Mr. EULER: I do not know.

Mr. HEAPS: Surely the minister knows.

Mr. EULER: They claim that they are not controlled by United States interests.

Mr. HEAPS: They may claim that, but it is really United States capital.

Mr. EULER: I cannot concede that because I do not know.

Mr. HEAPS: It is commonly stated that the Mellon interests control it.

Mr. EULER: In any event they employ Canadian workmen and use Canadian materials.

Mr. HEAPS: Personally I would say it is no particular concession that we are receiving from the United States. It is simply a little cross-play between the parent company in the United States and the subsidiary company in Canada.

Item agreed to.

United States tariff—378. Cadmium: 7½ cents per pound.

Item agreed to.

United States tariff—389. Nickel, and alloys (except those provided for in paragraph 302 or 380 of the Tariff Act of 1930) in which nickel is the component material of chief value, in pigs or ingots, shot, cubes, grains, cathodes, or similar forms: 2½ cents per pound.

Mr. ROSS (St. Paul's): Is this product controlled by an international cartel?

Mr. EULER: I am informed not. There are only two producers in Canada.

Mr. MacNICOL: Does the nickel all go out in blocks or bars, or in the raw state?

Mr. EULER: I am told that it goes out in the primary forms, in pigs or ingots.

Mr. MacNICOL: That is what I had in mind, and it is reduced at Port Colborne, is it not?

Mr. EULER: Yes.

Item agreed to.

United States tariff—393. Zinc-bearing ores of all kinds, except pyrites containing not more than 3 per centum zinc: 1⅛ cents per pound on the zinc contained therein.

Item agreed to.

[Mr. Heaps.]

United States tariff—394. Zinc in blocks, pigs, or slabs, and zinc dust: 1⅝ cents per pound.

Item agreed to.

United States tariff—401. Timber hewn, sided, or squared, otherwise than by sawing, and round timber used for spars or in building wharves; sawed lumber and timber not specially provided for; all the foregoing, if of fir, spruce, pine, hemlock, or larch: 50 cents per thousand feet, board measure.

Mr. BARBER: What is the Canadian tariff against United States lumber coming in, the comparable item with this?

Mr. EULER: On planks not further manufactured than sawn or split, the duties are free across the board; planks, sawn, split or cut, dressed on one side only, not further manufactured, free right across; planks, planed or dressed, on one or both sides, with edges jointed or tongued or grooved, 10 per cent ad valorem.

Mr. BARBER: So it is free coming in from the United States, but Canadian lumber going into the United States must pay a 50 per cent tariff and also the $1.50 tax.

Mr. EULER: Yes.

Mr. BARBER: That is no concession to Canada, no change there.

Mr. EULER: No change.

Mr. PERLEY: Referring to paragraph (2) of this item in the tabular statement, there is a certain amount of exports from Alberta and Saskatchewan. Western white spruce is the main production in the northern parts of those provinces. Can the minister give the exports from these two provinces separately?

Mr. EULER: The figures are not separated.

Mr. HARRIS: What are the terms of section 601 of the Revenue Act of 1932 referred to in this item as it appears in the tabular statement.

Mr. EULER: Section 601 covers:

Lumber, including sawed timber, rough, or planed or dressed on one or more sides, except flooring made of maple, birch, and beech, and except lumber and timber of northern white pine (pinus strobus), Norway pine (pinus resinosa), western white spruce, balsa, teak, cedar commercially known as Spanish cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, Japanese white oak, or Japanese maple: $1.50 per thousand feet, board measure.

Mr. HARRIS: What is the date of the document from which the minister is reading?

Mr. EULER: I am reading from the trade agreement.

Mr. HARRIS: He is not reading from the Revenue Act itself?

Mr. EULER: No.

Mr. HARRIS: And sawed timber was not mentioned in the Revenue Act of 1932. I ask the minister, was it mentioned in the act of 1932.

Mr. EULER: It was included in the amendment of 1938.

Mr. HARRIS: And in the intervening six years a certain amount of sawed timber did not pay the $3 tax prior to its being reduced to $1.50, and subsequently did not pay the $1.50 tax. Is that correct?

Mr. EULER: Yes.

Mr. HARRIS: So in getting the concession on sawed timber in the 1938 agreement, the government has permitted the United States to charge the $1.50 revenue tax which has not applied since 1932, and which since 1938 applies on sawed timber going into the United States. Is that a fact?

Mr. EULER: The amount involved is very, very small, I am told.

Mr. HARRIS: The question that runs through my mind all the time in connection with the negotiation of this agreement is this: Whom are we working for? Are we working for Canada or for the United States?

Mr. EULER: For Canada.

Mr. HARRIS: Well, here is an example. This item of sawed timber bore no revenue tax in 1932 under section 601 of the Revenue Act of 1932. It is amended in 1938, and we see to-day that this schedule is changed to make sure that timber going into the United States does pay $1.50. My other question is this: When does this $1.50 tax expire?

Mr. EULER: It expires in June of this year.

Mr. HARRIS: Has Canada agreed to make a further relinquishment of its guaranteed British preferences if and when in June of this year the United States repeals the import tax on Canadian lumber? I am sorry that the Minister of National Defence (Mr. Mackenzie) is not here because he devoted a part of his speech in the debate on the address to this subject.

Mr. EULER: The answer to my hon. friend's question is yes.

Mr. HARRIS: In other words, this is another concession given to the United States by way of the back-door. The United States, in other words, will be able to get her products into the British market, products of a kind which we produce here in abundance, and our lumber industry finds its preference in the British market narrowed. Of course I know that the minister will immediately reply that its market in the United States is widened. Again I ask, whom are we working for in this agreement, for Canada or for the United States?

Mr. EULER: My hon. friend must know that unless they do take the tax off they get nothing more. If they take the tax off, there is something given by both sides.

Mr. HARRIS: I very well remember the Minister of National Defence rising in his place and saying to this house that he expected that in June, 1939, the United States would take off the $1.50 revenue tax; but he did not say at the same time, as the Minister of Trade and Commerce now tells us, that in view of that concession, if he so calls it, we in Canada get the preference narrowed that we now have in the British market for the same lumber.

Mr. EULER: We still have in the British market a preference of about $2 a thousand feet.

Mr. HARRIS: But the government has agreed to relinquish some of that.

Mr. EULER: That preference remains unless the United States throws off the $1.50 tax, which is of some value.

Mr. HARRIS: I ask the question why, then, a responsible minister of the crown, the Minister of National Revenue, would give us just a half-truth in a statement of this kind. That is all it was. He said they take off the $1.50 in June, 1939. All right; why did he not go on and say, as the Minister of Trade and Commerce says now, if they do that we are going to relinquish some of our preference in the British market?

Mr. EULER: I should be very much surprised if the Minister of National Revenue made that definite statement in that way.

Mr. HARRIS: The Minister of National Defence. The British Columbia minister.

Mr. EULER: My hon. friend said in error a moment ago, the Minister of National Revenue.

Mr. HARRIS: I am sorry. I apologize. I mean the Minister of National Defence, the minister who in this government represents British Columbia. British Columbia is vitally interested.

Mr. EULER: I was not here. I do not know. I should think if he stated that that tax would come off, the statement was made conditionally; that is, the two things would go together. The United States would be placed on an equality with Canadian lumber in the British market provided they took off the $1.50 tax.

Mr. GREEN: Have the government made any representations to the United States government that this revenue tax, or, as it is sometimes called, this import excise tax of $1.50 a thousand feet should be removed now or at any rate should not be renewed in June of this year, thereby bringing into effect the second stage of the lumber bargain? As the minister knows, this lumber bargain is the only part of the whole trade treaty which has not yet been concluded by both parties, and I think our government might have some effect on the United States government if they pointed out the unfairness of leaving the lumber bargain in the first stage, where it is at the present time.

In this first stage Canada has made certain concessions. I do not intend to enumerate them in detail, but roughly—I would ask the minister to correct me if I am wrong—they are that we have given up a portion of our preference in the United Kingdom and in the West Indies; we have agreed to give up a portion of our preference in Australia, New Zealand and South Africa, and we have reduced the duty on dressed lumber coming into Canada from United States by fifty per cent, as well as taking off the excise tax. I do not think it can be argued successfully that Canada has got fair compensation for those concessions in this first stage of the lumber bargain. Further than that, these concessions have been made almost exclusively by the British Columbia lumbermen. The concessions do not affect the eastern lumbermen, but they do affect, and vitally so, the lumbermen on the Pacific coast.

Then, in the second stage we have to make further concessions, and I believe that in that stage as well British Columbia is doing most of the sacrificing. But because of the unfairness of the first stage, I earnestly ask the minister to have the government press the government of the United States to bring about the second stage by removing the import excise tax of $1.50 a thousand feet. Just this week I received the current copy, March, 1939, of the British Columbia *Lumberman,* which is the journal of the trade. On page 35 I find an article dealing with this lumber situation. I should like to read the concluding paragraph to the minister, because I think it sums up the situation fairly. It is as follows:

> While the Americans receive the advantages in the immediate stage of the treaty, we hope that the "Good Neighbour" policy will apply both ways to the extent that we may enjoy a modest part of their domestic lumber market.

In other words, we in British Columbia are asking that the second stage be brought into force so that our lumber may get into the United States market and thereby make this deal fair to both.

Mr. EULER: I might point out if I cared to do so that my hon. friend from British Columbia seems to attach more importance so far as advantage to Canada is concerned to this second stage than did the hon. member for Danforth (Mr. Harris).

Mr. GREEN: I come from a lumber district.

Mr. EULER: Quite so. For the information of my hon. friend I would say the best indication that the Canadian government desire the bringing into force of the second stage of this lumber item is that they are offering that inducement regarding the British market, that the United States of America will get into the British market on the same terms as Canadian lumber exporters, namely free, provided they take off the excise tax. That, I think, is the strongest proof that we are anxious that that should be brought about, perhaps more for the benefit of the British Columbia lumberman than anybody else. I should say also that the difficulty in the way is one which we did not experience in making the rest of the agreement. The agreement we made was made with the President of the United States, who had authority to reduce duties as much as fifty per cent on existing tariffs. With regard to the excise the situation is entirely different. That excise tax of $1.50 can be removed only by action of congress. That is why I say it is on an entirely different basis from the making of the other part of the agreement. But we have tried to make it acceptable to the United States congress by offering them free entry into the British market, that is on the same basis as Canadian lumber, if they will take off that $1.50 tax. What they will do I do not know. We may hope that they will do it, because I believe it will be to the advantage of British Columbia if that tax is removed.

Mr. BARBER: What concession do they get now as regards the British market?

Mr. EULER: Sixteen shillings. It works out at about $2 a thousand. We will still have that advantage, reduced from ten per cent ad valorem.

Mr. GREEN: Is it not possible for the government at the present time to make representations to Washington, just as was done in the case of cattle, with regard to the second stage of the lumber bargain? It is quite obvious that the bargain is unfair if it is left in the first stage. I ask that the government point that out to Washington and ask them to make sure that the second stage is brought about.

Mr. EULER: Well, it is a matter for congress to take action upon. There is this difference so far as the cattle quota is concerned, that the provision for what was done with regard to the cattle quota was contained in the agreement, but the excise tax of $1.50 is a matter upon which action can be taken, not by the president, but only by congress. There is the difficulty, if difficulty there be.

Mr. GREEN: The position is that we have already bound ourselves to give away these concessions, and we have said to the United States, you can take it or leave it as you like.

Item agreed to.

United States tariff—402. Maple (except Japanese maple), birch and beech, flooring: 4 per cent ad valorem.

Item agreed to.

United States tariff—405. Veneers of birch or maple: 10 per cent ad valorem.

Item agreed to.

United States tariff—406. Hubs for wheels, heading bolts, stave bolts, last blocks, wagon blocks, oar blocks, heading blocks, and all like blocks or sticks, roughhewn, or rough shaped, sawed or bored: 5 per cent ad valorem.

Item agreed to.

United States tariff—407. Casks, barrels, and hogsheads (empty), of wood, not specially provided for, but not including beer barrels or beer kegs: 7½ per cent ad valorem.

Item agreed to.

United States tariff—412. Paint brush handles; broom handles and mop handles, further advanced than rough shaped, not less than three-fourths of one inch in diameter and not less than thirty-eight inches in length; tennis-racket frames valued at $1.75 or more each; toboggans; baby carriages; wheelbarrows; canoes and canoe paddles; carriages, drays, trucks, and other horse-drawn vehicles, and parts thereof, not specially provided for; and ice-hockey sticks; all the foregoing wholly or in chief value of wood: 20 per cent ad valorem.

Item agreed to.

United States tariff—503. Maple sugar: 3 cents per pound.

Item agreed to.

United States tariff—503. Maple sirup: 2 cents per pound.

Item agreed to.

United States tariff—701. Cattle, weighing less than two hundred pounds each, 1½ cents per pound.

Provided, that such cattle weighing less than two hundred pounds each entered, or withdrawn from warehouse, for consumption in any calendar year after 1938 in excess of 100,000 head shall not be entitled to a reduction in duty by virtue of this item, but the rate of duty thereon shall not exceed 2½ cents per pound.

Mr. ROSS (Moose Jaw): On this item I notice that there is no change between the 1935 treaty and the 1938 treaty in the amount of duty, but there has been a decided change in the number of head of this class of cattle which can go into the United States; also the weight per head is increased by twenty-five pounds. That is a considerable concession to the cattle raisers of Canada.

Mr. PERLEY: Could the minister give us the number of head that have been exported under this agreement since the agreement came into force?

Mr. EULER: The figure is 6,310 up to February 25.

Mr. STEVENS: That is the first division of item 701. There are three divisions.

Mr. EULER: That is the first division, yes.

Mr. PERLEY: Will the minister give the number exported during 1938?

Mr. EULER: Under the quota, 38,750 head.

Mr. PERLEY: What percentage is that of the total slaughter in the United States?

Mr. EULER: I cannot give that information.

Mr. ROSS (Moose Jaw): One quarter of one per cent. I was speaking of the first of the sections under item 701. Under the second section, we used to be allowed, under the old treaty, 20,000 head, and now we are allowed an unlimited number. Under the third section, cattle weighing 700 pounds or more, while this treaty was under discussion, before we came to the items, my hon. friends had a great deal to say about the fact that there was a global quota. At that time I said that the cattle men of Canada did know there was a global quota. Since then I have looked the matter up, and I find that in 1936 the quota was filled in November. At that time Mexico had shipped about thirteen per cent of the quota into the United States and Canada had shipped in the balance. In 1937 the quota was filled in August, and again Mexico had shipped in

something over thirteen per cent and Canada the balance. My hon. friend the member for Qu'Appelle, discussing this item the other day, deplored the fact that some one he knew, who had shipped a carload of cattle, was unable to come under the quota at that time, before it was filled for the first three months; and if I remember correctly, he said that the shipper had, on that account, received something like $500 less for the carload. He did not point out at that time that this concession on all cattle shipped into the United States—the concession received by this government—meant the same amount of money, $500, on practically every carload of cattle shipped by the Canadian cattle producer.

My hon. friends have always declared that the American was a tough dealer, that he wanted an eye for an eye.

Mr. ROSS (St. Paul's): Two eyes for one, and he gets it.

Mr. ROSS (Moose Jaw): Well, this is an instance which proves that my hon. friends are wrong when they say that, because after this treaty had been signed, sealed and delivered, we find that this year, under the global quota which had been in effect since 1935, there were shipped from Mexico some 45 per cent of the cattle entering the United States under that quota. Prior to the time that anyone raised that question in the house, officers of the Department of Trade and Commerce had been in touch with the United States in reference to the matter. They were alive to the fact that more cattle than usual were being shipped from Mexico under the global quota. They went to the United States, and, without any eye for eye, the United States agreed to give Canada over 86 per cent of the shipments under that global quota, which means that Canada now has under this treaty something like 40,000 head more under the quota than the total global quota of 1935. This has been a great concession to the cattle raisers in this country, and it has proved that my hon. friends are entirely wrong when they say that the United States wants an eye for an eye. They have given us a concession here and have increased that concession, after having been asked by the Canadian government to do so; and they have not asked anything in return for it.

Mr. PERLEY: The hon. member's mathematics are a little wrong. If he will take the quota of 155,000 head last year—and he says that this new agreement adds 40,000 to that—

[Mr. J. G. Ross.]

Mr. ROSS (Moose Jaw): About 40,000 a year.

Mr. PERLEY: If he takes 86 per cent of 155,000 head he will find that his figures do not agree with those given by the minister. The Minister of Agriculture (Mr. Gardiner) the other day, in a statement which he made to the house with respect to the new arrangement that had been made, said that our quota would now be based upon the percentage of shipments of the previous year, and he said it would make it possible for Canada to ship 142,000 head. Now the hon. member adds 40,000 to 155,000 and therefore he is a long way out.

Mr. ROSS (Moose Jaw): In reply to my hon. friend, may I point out that there are 225,000 head under the quota now and not 155,000; and 86 per cent, or a fraction over 86 per cent, amounts to 193,000 head a year, which is Canada's share under the quota now. In other words, that is almost 40,000 head more.

Mr. PERLEY: The new arrangement is based on last year's shipment?

Mr. EULER: No, it is not.

Mr. PERLEY: That is what the minister said.

Mr. EULER: No; it is based on the shipments of 1936-37. The year 1938 was not taken because it would not have been representative or so favourable to us. The United States accepted the shipments of 1936-37 in establishing the percentage of quota.

Mr. PERLEY: Will the minister give the exports under the third item since the agreement came into force to date? The first quarter is not yet completed.

Mr. EULER: I can only give the division of the quota. Canada gets 51,720 head and other countries, 8,280.

Mr. ROWE (Dufferin-Simcoe): That is not for the first quarter.

Mr. EULER: No; not for the first quarter.

Mr. PERLEY: I am asking how many have been shipped to date in the first quarter.

Mr. EULER: There have been shipped 32,911, and Mexico shipped 27,000 odd. The quota was filled early in the quarter. In the future it will be on the basis of the quota of 86 per cent plus for Canada.

Mr. CASSELMAN: It will be three-quarters of 86 per cent for the year, because the first quarter's quota is gone. For the rest of the year, therefore, the increase is not 40 per cent, as the hon. member for Moose Jaw says.

Mr. EULER: It will be from now on in any ordinary year, or any given twelve months.

Mr. HAYHURST: Is each quarter divided equally? Is the amount of cattle that may enter the United States for any three months equal?

Mr. EULER: We can always export 86 per cent of 60,000 in each quarter except the last.

Mr. MARSHALL: Has the minister given any consideration to the position of those shippers who had cattle en route to the United States market when the quota was declared closed at the end of January?

Mr. EULER: If the quota was filled there was nothing to be done until another quota period began. I suppose they could put them in bonded pasture.

Mr. ROWE (Dufferin-Simcoe): Has the minister any record of any in bond now?

Mr. EULER: I am informed that there are slightly over 500 Canadian cattle.

Mr. PERLEY: What are the average weekly shipments? Has the minister any record, for instance, of the exports last week?

Mr. EULER: There would not be any, when the quota was filled in January.

Mr. PERLEY: But they could pay the three cents a pound.

Mr. EULER: I have no record of the number. It is small.

Mr. LEADER: I listened with much interest to the debate on this trade treaty, particularly that part applicable to cattle. I did not say anything in that debate, but I want to say now that the concessions granted for the entry of Canadian cattle into the United States are of great benefit to the live stock growers; there is no doubt about that. The number under the old quota was 155,799; the quota has now been increased to 225,000. My Conservative friends took objection to this quota, and said that it would work a hardship, in fact had worked a hardship, with which I agree to a certain extent. But I believe that if we must have a quota at all, that quota must be regulated. A quarterly system means a certain amount of regulation, but in my opinion is not enough. I believe I mentioned in this house two years ago that this quota should be regulated on a monthly basis. I believed then that the time was coming when the United States itself would insist on a quota, as well as Great Britain.

If we had had a monthly quota we would not have got into the trouble we did in the first quarter. As hon. members know, the quota was filled in the first month. I am in touch with the cattle men, and I know one man who had fourteen carloads of cattle just waiting until January 1 to ship them to the United States. I suppose there were hundreds who had the same idea, and the Mexicans also had the same idea, with the consequence that the quota was filled in one month, or early in February, really, but the information was given out that it was filled before the end of January. The effect was that they broke the market in the United States and broke it here in Canada, because the cattle that were in transit at the time had to be transferred to the Winnipeg and Toronto markets. A few weeks later the cattle market went up.

The same thing will be repeated at the beginning of April when the market opens up again; people will rush their cattle to market, and that quota may be filled in a month or two. I do not believe that we shall be able to fill our quota for the year. I believe it would be in the interest of the cattle men of Canada and the United States as well to regulate that quota on a monthly basis.

Mr. EULER: Does my hon. friend not think there would then be a scramble each month instead of four times a year?

Mr. LEADER: There would unless there was some regulation, but surely we can take enough interest in these matters to regulate the flow. It could be regulated much more easily on a monthly basis than quarterly.

Mr. EULER: I suppose my hon. friend means that it should be regulated from this side.

Mr. LEADER: Yes.

Mr. PERLEY: The hon. member who has just spoken said that some of us on this side objected to the quota. There is no objection to the quota; I think it is a fine thing if we are sure we get our quota. We know this government got a little excited when they found the quota was filled and went over to the United States authorities and made new arrangements. When April 1 comes around, as the hon. member for Portage la Prairie (Mr. Leader) has said, there will be a rush again to fill the quota. If the Mexicans find they are not getting as much under the new arrangement as they expected, as they did last year and the first quarter of this year, is there any possibility of the Mexican government going to the

United States and making a new arrangement with them which might upset the arrangement which this government has now made?

Mr. EULER: There is no provision for Mexican cattle in this agreement. They have no rights under it.

Mr. ROWE (Dufferin-Simcoe): Cattle from any place in the world.

Mr. ROSS (Moose Jaw: They have a right to thirteen per cent.

Mr. ROWE (Dufferin-Simcoe): Mexico, as well as all countries, has the right.

Mr. ROSS (Moose Jaw): But our right is set at 86 per cent now.

Mr. ROWE (Dufferin-Simcoe): I suggest that the minister or someone representing the government might take another trip to Washington and see if it is not possible to arrange for a larger proportion in certain quarters. This treaty, it seems to me, offers to Canadian producers an opportunity to sell more cattle when they have less available and less when the market could take more. Surely the government did not figure that we could keep up a regular orderly supply the whole year round. On account of climatic conditions in this country we have more cattle to sell at some seasons than at others. If in any one quarter we do not have enough to fill the quota we are not allowed to make up the difference in another quarter. It should be a yearly quota. In the interests of the cattle producers of this country I suggest that the government should send another trade commissioner to Washington to make a third attempt to draw up a treaty which will be in the interests of the cattle producers. The results for the first quarter, as the hon. member has suggested, have not been very satisfactory to the cattle producers.

Mr. ROSS (Moose Jaw): They certainly were.

Mr. ROWE (Dufferin-Simcoe): But the quota was filled in the first month. It was all right for the man who had them ready to sell at the beginning of January, but not so good for the man who had them ready later. I suggest that the quota should apply for the whole year. If we have more cattle to market in one quarter I think we should be allowed to apply them on the annual quota.

Mr. LEADER: Is not the main fault in the whole marketing system that we dump the product on the market in large quantities, and then next month or next year have not enough to fill the requirements of the market? That is where a monthly quota would help. Our annual quota is 86·2 per cent of 225,000 cattle weighing over 700 pounds, and it is now regulated to the extent of a quarterly quota. My point is that it would be better if it were a monthly quota.

Mr. ROWE (Dufferin-Simcoe): We had better start the orderly marketing here before we accept control from another country.

Mr. McNEVIN: If you relieve the Canadian market of 42,000 head of cattle in three months, you will take that dead load off the market and we will get a very material benefit, because the effect of that will carry right through the period.

Mr. HOMUTH: Suppose we cannot fill our quota in any one quarter; can we ship an increased number in the next quarter?

Mr. EULER: No, we cannot.

Mr. HOMUTH: Then it is not a yearly quota.

Mr. EULER: It is not cumulative; we have to fill our quota each quarter.

Mr. LEADER: I do not understand that. We have an annual quota of 86·2 per cent of 225,000.

Mr. BARBER: That is not in the treaty.

Mr. LEADER: The figures are right here.

Mr. HOMUTH: It is not a yearly quota.

Mr. LEADER: It is. The total imports are limited to 225,000, and we are allowed 86·2 per cent of that quota over the year.

Mr. EULER: Perhaps I might clear that up. If, for example, we were short in our quota in the second quarter; if we shipped only 40,000 head, for example, we would lose the difference between what we were entitled to ship and what we actually did ship. That is, we would lose that difference for that quarter, but we would be allowed to ship more in the final quarter because we would be entitled to 86·2 per cent of the global total of 225,000.

Mr. ROWE (Dufferin-Simcoe): But not more.

Mr. EULER: We could not ship more than 60,000 in any one quarter.

Mr. ROWE (Dufferin-Simcoe): Then how could we get in the other 20,000 in the last quarter? The treaty says no more than 60,000 in any one quarter.

Mr. EULER: That is quite clear; there is no question about that. If you have a shortage in any one quarter you cannot make

it up in the following quarter, because in no quarter can more than 60,000 cattle be sent by Mexico and Canada. That is perfectly true. I imagine that it will not be a very practical point; I believe the Canadians will fill their quota each quarter.

Mr. PERLEY: The point might arise in some quarters of the year.

Mr. EULER: It might.

Mr. ROWE (Dufferin-Simcoe): I do not want to be misunderstood as far as orderly marketing is concerned. I believe with the hon. member for Portage la Prairie that we should have more orderly marketing; in fact, I think as long as ten years ago I suggested to this house that we should have an export board to control the orderly marketing of our products, and I believe that would be sound policy to-day. But I would prefer to see an orderly system of marketing controlled by this country instead of having our marketing controlled by the tariffs of another country.

In following up what the hon. member for Portage la Prairie has said I would suggest to the minister that if we are going to be placed under certain restrictions each quarter, the time is now ripe, if not long overdue, to develop some plan by which we may have an orderly supply of cattle. I would not like to leave this in the lackadaisical way suggested by the minister, that we should trust the cattlemen of Canada to see that 60,000 head are shipped each quarter. I know in many parts of this country they market their cattle only at certain seasons of the year, while at other seasons none is sold. During March, April and May the winter cattle are sold and during September, October and November the grass cattle are sold; that is, in the older parts of this country.

Mr. ROSS (Moose Jaw): And in the west in September, October and November,

Mr. ROWE (Dufferin-Simcoe): In October, November and December in western Canada, as the hon. member for Moose Jaw says. I think we need some control in order to provide an orderly supply for this market, instead of leaving the orderly marketing to be controlled by the United States.

Mr. HAYHURST: A short time ago I asked if the number would be the same for each quarter, and now the minister says it is not cumulative. To me this means that in the last quarter we would not be able to fill the entire quota for the year.

Mr. EULER: No, you could not do that; but if, for example you sent 60,000—

Mr. ROSS (Moose Jaw): Is it 60,000 or 51,000?

Mr. EULER: The global quota is 60,000; but supposing the 60,000 is shipped in each of the first three quarters, that makes 180,000. The total for the year is 225,000, which would mean only 45,000 could be shipped in the last quarter. If you were short in some of the other quarters at least you would be allowed to make up 15,000 of that shortage in the last quarter, which otherwise you would not be able to do. That is, you could send 60,000 in the last quarter, and in that way you could ship 15,000 more because you were short in some of the other quarters, without exceeding the limit of 60,000 for that quarter.

Mr. ROWE (Dufferin-Simcoe): You might only ship 10,000 in some quarters.

Mr. EULER: You could make up 15,000 in the last quarter, at least. If you shipped 60,000 in each of the first three quarters you would have only 45,000 left for the last quarter, so you could make up your previous shortage at least to that extent.

Mr. LEADER: I think what the minister has just said has made the matter clear. We are entitled to 86·2 per cent of 225,000 and if we are a little short in one quarter we can make it up in the next or, in any event, in the last quarter.

Mr. EULER: To the extent of 15,000.

Mr. LEADER: Then, if we cannot take advantage of that 86·2 per cent, even if we have the cattle available in the last quarter, I think something slipped, and I believe another trip to Washington might straighten it out.

Mr. ROSS (Moose Jaw): The hon. member says something slipped, but as far as I can see the only slip has been that we are going to get many more cattle into the United States market. My hon. friend mentioned shipping only 45,000 cattle—

Mr. ROWE (Dufferin-Simcoe): We might only ship 10,000.

Mr. ROSS (Moose Jaw): Then that would be all the cattle available for shipment at that time. If you only shipped 40,000 in each quarter you still would have a great advantage compared with what you had before. Formerly the total global quota was only 155,000, and if Canada can ship in 160,000 cattle now in the four quarters we shall be that much better off in any event. As a matter of fact, I do not think we are going to fill our quota this year. I do not think the fact that the quota for the first quarter was filled

in the first month should worry us too much, because while we shipped 32,000 head during the first month, other countries shipped something like 27,000, and they cannot ship that many in the months to come. They can ship only thirteen per cent of the 60,000 head, and we have the balance of 51,000 if we want it. Therefore we have a tremendous advantage no matter how one looks at the matter.

Mr. THOMPSON: The matter seems quite clear to me. We were given a quota of 225,000 head for Canada and Mexico, but not more than 60,000 head in any three month period. We have the right to ship 86·2 per cent of 60,000 head in the three month period; then we are through until the next three months, and each three month period stands by itself. The matter is perfectly clear.

Mr. LEADER: If you are short, are you not allowed to ship in the difference?

Mr. EULER: No.

Mr. LEADER: I think so.

Mr. BARBER: The treaty says that the rate under the new agreement is to apply annually to not more than 225,000 head, and to not more than 60,000 head in any quarter. There is no mention in the treaty about 86 per cent. Would the minister explain when and how this was arrived at?

Mr. EULER: I will read the clause in the trade agreement which explains how it was we were able to get a fixed quota:

> That if, after consultation with the government of the United States of America, the government of Canada requests the allocation of the quantity entitled to enter at the reduced rate of duty under this item, the government of the United States of America shall take the necessary steps to allocate the said quantity among countries of export on the basis provided for in article III of this agreement.

That is what was done. On the basis of article III of the agreement they took the years 1936 and 1937 as being normal years of export, and took that as the basis for fixing the quota which Canada could have out of the 60,000, each quarter. That worked out to 86 per cent.

Mr. BARBER: When was the United States approached in this matter?

Mr. EULER: Some time in February. The matter came up in the house, and at the time it came up—

Mr. BARBER: Since the treaty came down?

Mr. EULER: Yes. When attention was drawn to the fact that Mexico had sent in a large number of cattle, I said at the time that we hoped to make some satisfactory disposition of the matter. Then representatives of the government went to Washington. They were assured the president would issue a statement as to what our quota should be. He did that, and fixed it at 86 per cent.

Mr. HOMUTH: I want to get the explanation clear, because I think some of us have some misunderstanding. Suppose we ship 30,000 head in the next quarter; in the third quarter we ship 30,000 head. That would leave us 42,000 we have not shipped, because out of the 60,000 our quota is 51,000. In the last quarter we could ship only 86 per cent of 60,000.

Mr. EULER: Right.

Mr. HOMUTH: Ordinarily it would be about 86 per cent of 45,000. We could increase that by 86 per cent of 15,000. Therefore, so far as our gross quota is concerned, we would still have a shortage of 27,000?

Mr. EULER: Provided you were short on each of those quarters to the extent you indicated.

Mr. HOMUTH: So, unless we are able to fill the quota each quarter, we have not a cumulative yearly quota?

Mr. EULER: That is quite correct.

Mr. WARREN: I am sorry I missed the discussion on this item, because I had taken some interest in it, and had prepared some figures in connection with it. My interest was more particularly aroused after listening to the speech some time ago of the hon. member for Lanark (Mr. Thompson). I do not know just what we are going to gain, or what the people of Canada are going to gain by belittling an agreement which certainly is to the advantage of the Canadian farmer. I notice that in his observations on February 21, the hon. member for Lanark is reported to have said, as it appears at page 1199 of *Hansard*:

> Every trade treaty this government has made with the United States has been detrimental to the interests of Canada.

Knowing the hon. member's riding to some extent—because I happen to have relatives living in Lanark county—I wondered just what the farmers of Lanark were going to gain by having this trade treaty misrepresented to them, so far as the sale of their cattle was concerned. It is foolish to imply that we would want to export all our cattle. All we want to export is our surplus; if we can get rid of that we shall be well satisfied.

In the dairy sections of Lanark county one thing the farmers are particularly interested

in is the sale of veal calves. I am worrying more about the farmers in Lanark than those in Renfrew, because I have not heard any complaints from the farmers of Renfrew county respecting this treaty.

Mr. THOMPSON: You mind your own county; I will look after mine.

Mr. WARREN: I am not worrying about my farmers, because so far as this treaty is concerned they have no complaint to make. I was however, rather worried about the effect the hon. member's speech might have on my relatives in his county, so I took the trouble to look up the figures. I knew those people would be interested in the price of veal calves.

We do not want to export all our veal calves; but at certain seasons of the year, particularly the early spring, we have a considerable surplus. In the county of Lanark a great many farmers do not think they are farming at all unless they are milking twenty, thirty or forty cows. They may raise ten calves, which leaves them thirty calves to sell as veal. Let us look at some of the figures. I have before me the figures from 1933 to 1938, and I shall begin at the earlier year. We will remember that 1933 was a bad time; if I remember correctly, a Conservative government was in office. The following table will show the figures for exports of calves to all countries, and to the United States:

Calendar year	All countries	United States
1933	976	48
1934	1,302	226
1935	21,587	20,567
1936	51,783	50,541
1937	99,648	98,426
1938	49,417	48,347

It will be remembered the Liberals took office in 1935. If we take the years 1933 and 1934, the last two years the Conservative party was in office, we find that only 274 veal calves were exported to the United States, whereas if we take the years 1937 and 1938, the last two calendar years in which this government has held office, we find that 146,535 calves were exported from the surplus we did not need.

Let us look at the prices. Naturally, we have to pay duty on those export calves; I believe the rate is 1½ cents a pound. If we have a surplus on our Montreal or Toronto markets our prices go below value, and particularly in the spring of the year when the dairy farmer in counties such as Lanark has a surplus of calves on his hands. That would apply particularly in the months of April and May.

Let us look at the figures for the Toronto market. The following table will show the prices per hundredweight of veal calves on that market in the months of April and May:

Year	April	May
1934	$6 92	$6 33
1935	7 29	6 69
1936	8 68	8 20
1937	9 19	8 37
1938	9 15	8 20

Those, of course, are prices for choice veal calves. That may not seem a very great variation, but let us compare 1934 with 1938, which is I think a fair comparison, and we find in those same two months a gain for the month of April of $1.87 per hundred pounds on a two hundred pound calf. That will mean an additional revenue to the farmer of $44.80 on ten calves in April, and $37.40 on ten calves in May, or an additional revenue in the two months of $82 for the twenty calves, and many farmers would have more than twenty calves. Now, $82 may not seem like a great deal of money to some people, but it is a considerable cheque to a farmer. The farmer who can get an extra $82 for his veal calves is getting something that he is going to appreciate.

Let us take cattle. I notice that the hon. member for Lanark always talks about a thousand pound steer when he is making camparisons in connection with this treaty, but we ought to bear in mind that under the treaty we have been able to export and get off our markets by shipping them to the United States, a class of cattle that has had a detrimental effect on our domestic market—our canner cows, for example, and a great many of our inferior quality of cattle.

In 1933, under the government which the hon. member for Lanark supported, we shipped to all countries 59,158 head of cattle; to the United Kingdom, 50,317; to the United States, 5,686. The figures for the other years are as follows:

Export of Cattle (excluding calves)
Number of Head

Calendar year	All countries	United Kingdom	United States
1933	59,158	50,317	5,686
1934	63,673	53,852	6,341
1935	112,771	6,704	102,934
1936	233,631	38,495	191,149
1937	222,112	9,610	208,552
1938	129,807	27,307	98,398

Someone might ask why there was such a falling off in our exports to the United Kingdom in 1937 and such a great increase in our exports to the United States. That is easily explained. Prices were so much better

in the United States that it paid the Canadian farmer to ship his cattle there rather than to the United Kingdom.

During 1933 and 1934, the years in which the hon. member for Lanark was supporting the former government, we shipped a total of 12,027 head of cattle to the United States. Compare that with the two years 1937 and 1938, when we shipped a total of 306,950 head of cattle to the United States. Surely that ought to be an answer to the hon. member's statement that every trade treaty made by this government with the United States has been detrimental to Canada.

Mr. ROWE (Dufferin-Simcoe): Give us the figures for 1930. That was ten years after the hon. member's party was in power.

Mr. WARREN: I have not the figures for 1930, but I think it is fair to compare 1934 and 1935, with 1937 and 1938.

There is another feature in connection with the treaty which I wish to mention. We in Renfrew county—and I assume this is true also of the farmers of Lanark county—have found it beneficial to ship our dairy cows to the United States. The local market for dairy cows, generally speaking, is limited. The market in Montreal and Toronto is comparatively small and prices there are generally not profitable. But we have had United States buyers going through our counties in past years picking up our dairy cows, pure bred and grade stock, testing them and shipping them to the United States. That leaves the farmer in this position. The farmer who is separating his milk and sending his milk to a butter factory can find a profitable market for any cows that he cares to raise, and a farmer who has his skim milk at home will raise all his heifer calves if he knows he is going to be able to sell his surplus cows. So here we have abundant proof that our agreement with the United States has been profitable to the dairy farmer in selling his veal calves, in selling his cattle, and in selling his dairy cows.

If any further proof were needed, my mind goes back to the dreary days in 1932 and 1933, under the former government, when we could not get more than three cents a pound at certain times of the year, in the fall, for example, on the Toronto and Montreal market. You had to beg the buyers to take splendid stock, good steers, at three cents a pound, and sometimes fairly good beef went for a cent and a half or a cent and a quarter a pound.

Mr. ROWE (Dufferin-Simcoe): What was the United States market paying at that time? That is when they were killing off six million head.

[Mr. Warren.]

Mr. MacNICOL: And throwing them in the river.

Mr. ROWE (Dufferin-Simcoe): And that is the market the hon. member for Renfrew North says is a good market!

Mr. WARREN: It has proved itself good to us since this government came into office, because the United States has been taking our surplus stock up to the figures I have put on record. But it gives me a chill to think of the markets we had in those terrible years 1932 and 1933. Under this treaty you can now get $6.60 per 100 pounds for a decent steer, from seven to seven and a half and eight cents a pound if it is a good one, compared with three and three and a half cents down to a cent and a quarter and a cent and a half a pound in 1932 and 1933. Those were the black days. Although we managed to get through somehow, those were days which left many of our farmers in a situation from which they never recovered. Certainly I should hate to think that my relatives in Lanark county would be worried respecting this trade agreement, which certainly will prove, and undoubtedly up to date has proven of immense value to them as farmers.

Mr. THOMPSON: Every time that the hon. member for Renfrew North rises in his place in this chamber he takes a whack at me. I do not blame him a bit, because I spent two weeks in Renfrew North trying to lick him, and if it had not been that the election was on the fifth of April, that the roads were impassable, and the day was one of the worst that ever came, he would not be sitting in this house. I do not intend to follow his argument, because I never heard so much nonsense talked in as short a space of time. He has told us about calves and dairy cows. Mr. Chairman, you know that the tariff respecting them has not been changed; it is the same as it was since 1935, and we never filled our quota. As we have not filled our quota with calves, enlarging the quota cannot mean anything to our farmers; there was no advantage to them in having it raised, and no change has occurred under it. In the hon. member's address he talked of the days of the depression—

Mr. MANION: The world depression.

Mr. THOMPSON: —and did not give the figure of 1930—it was less than any of them. As I say, however, it is not my intention to follow my good friend. I hope that when the election comes on, I shall be able to get another crack at him, and that he will not be here afterwards.

Mr. MARSHALL: I am sorry that the government cannot give much consideration to the question of cattle which are en route to the United States market after the quota has been closed. I should like to read into the record a couple of paragraphs from a letter which I received this morning from the manager of a live stock marketing association in Alberta:

Dear Sir:

Regarding shipments of cattle to the United States of America during the first quarterly quota, when as you know that nearly half of that quota was filled by Mexican cattle, thus working a hardship on the shipper from Canada, also very costly on the shipper who had his cattle en route when this quota was filled as there was no warning—just filled.

Mr. McLEAN (Melfort): I should like to ask the hon. member who is addressing the committee if there were not a warning given by the United States government when ten per cent of the quota was still remaining.

Mr. MARSHALL: I am just reading an extract from the letter. I have not made any comment at all on the matter.

Mr. CRERAR: Well, he did not know what he was writing about.

Mr. MARSHALL:

Don't you think some adjustment should be made to the shipper that had his cattle en route when this quota was filled in this way? It has meant between $350 to $400 a car through absolutely no fault of ours. In my case it amounts to $361. Why should we have to lose this through not proper protection of our share of the quota? In this we can hardly take this loss.

All I wish to say in this connection is that I believe the hon. member for Portage la Prairie has made many valuable suggestions to the minister, and I should like to add my voice to his in suggesting to the minister that the three month period be narrowed down to perhaps either two months or one month.

Mr. COLDWELL: Upon what date was the notice given that ten per cent still remained, and upon what date did the quota end?

Mr. EULER: The quota ended early in February—February 2, I think.

Mr. COLDWELL: On what date was the notice given that ten per cent remained?

Mr. EULER: I cannot tell the hon. member that. I do not know. I might make this observation, that the difficulty which arose in the first quarter was rather because of an abnormal condition. It was not anticipated that Mexico would send such a large quantity of cattle into the United States in that quarter, and it was for that reason that the surplus of cattle en route to the United States was so large. In order to provide against that in the future—and I think perhaps it will be provided against in this way—we are receiving early in the quarter, I believe about every four weeks, notice from the United States government as to how many cattle have been admitted; then later on, when we get nearer to the end of the quarter and the quota is nearer to the point of exhaustion, we receive notice by telegram, and that is communicated to the stock-yards and to the *Commercial Intelligence Journal* and by other means to the exporters in Canada so that they can govern themselves accordingly.

Mr. COLDWELL: Is it not a fact that the trouble really arose because notification that only ten per cent remained of the quota was given just a few days before the quota was filled? I have had letters similar to the one which has just been read.

Mr. EULER: I think the real reason was the unexpected supply from Mexico.

Item agreed to.

United States tariff—701. Cattle, weighing seven hundred pounds or more each: Cows, imported specially for dairy purposes: 1½ cents per pound. Other, 1½ cents per pound.

Provided, that after December 31, 1938, such cattle weighing seven hundred pounds or more each (other than cows imported specially for dairy purposes) entered, or withdrawn from warehouse, for consumption in excess of 60,000 head in any quarter year shall not be entitled to a reduction in duty by virtue of this item, and such cattle (other than cows imported specially for dairy purposes) entered, or withdrawn from warehouse, for consumption in excess of 225,000 head in any calendar year shall not be entitled to a reduction in duty by virtue of this item, but the rate of duty thereon shall not exceed 3 cents per pound.

Provided further, that if, after consultation with the government of the United States of America, the government of Canada requests the allocation of the quantity entitled to enter at the reduced rate of duty under this item, the government of the United States of America shall take the necessary steps to allocate the said quantity among countries of export on the basis provided for in article III of this agreement.

Item agreed to.

United States tariff—703. Swine: 1 cent per pound.

United States tariff—703. Pork, fresh or chilled, but not frozen: 1¼ cents per pound.

United States tariff—703. Bacon, hams, and shoulders, and other pork, prepared or preserved, but not cooked, boned, packed in air-tight containers, or made into sausages of any kind; 2 cents per pound.

Mr. HAYHURST: Does this item of reduction on swine from two cents to one cent per pound apply to swine of all weights?

Mr. EULER: Yes.

Mr. ROWE (Dufferin-Simcoe): Could the minister tell us the exports last year to the United States?

Mr. EULER: In 1937, according to United States records, the value of our swine exports was $1,525,208. It is on the tabular statement.

Mr. ROWE (Dufferin-Simcoe): Has the minister any figures to give us of the exports by the United States of swine, pork and pork products to the United Kingdom market before the 1932 imperial trade agreement?

Mr. EULER: By the United States?

Mr. ROWE (Dufferin-Simcoe): Yes. Their exports to the United Kingdom before the trade agreement?

Mr. EULER: No. I regret I have not that information.

Mr. ROWE (Dufferin-Simcoe): While we have a reduction in duty in these items, it will be recognized that it is not nearly as important to the Canadian swine producer as the advantages the United States producer receives in the imperial market under the Anglo-American treaty. I believe that before 1932 the United States exported to the British market a great deal more bacon than Canada did, and that their exports dropped off after that time. We had a market in the old land of only small proportions prior to the imperial trade agreement. In 1931 it was about 49,000 hundredweight. By 1937 it had reached 1,387,000 hundredweight, or over a million and a quarter.

As regards our advantages in the United States market for bacon products, they are not to be compared with the advantages that we have surrendered in the British market to the United States producer. Personally I think the market in the United States for our meats has been of uncertain value for many years. The preference that is extended to the United States producer in this line is similar to the preference extended in many other directions. It will not only give the United States producer a place in the greatest market of the world but surrender again stability in markets that we have been long endeavouring to establish.

We have had a haphazard market in the United States, a very uncertain market. Comparisons have been made, one year with another, but I think it is unfair to suggest the year 1932 for comparative purposes, because everyone knows that the United States was at that time destroying almost every line of live stock. Millions of hogs, millions of cattle, were destroyed; farm products were being destroyed all along the line down to the cotton fields of the south.

Mr. CRERAR: Not hogs in 1932.

Mr. ROWE (Dufferin-Simcoe): There was an over-supply. Our exports of live stock to the United States were insignificant even in 1930. We imported four or five million pounds of meat into this country in 1930 to feed our own people. Our exports of live stock had practically disappeared. Take the year 1921, if you want to compare different years—and I am not charging this to the government that is in power to-day, because it was the trend of development. We shipped more live stock to the markets of the world in 1921 than we have done since. Our export market for bacon had practically disappeared between 1921 and 1930, Denmark having captured that market from us in the old land. In 1921 we sold twice as many cattle to the United States as the whole global quota includes now—in cattle and calves, upwards of half a million. But the Fordney-McCumber tariff closed us out over-night and we were left for years not knowing what to do with our surplus live stock. In 1929 we had recovered the market to some extent, but the Hawley-Smoot tariff closed us out again. Now we have a temporary advantage in that uncertain market for some of these products, but we have cut the tariff in this item from two cents to one cent—

Mr. EULER: They have.

Mr. ROWE (Dufferin-Simcoe): They have, rather. Someone on the other side said that this would figure out at a fifty per cent reduction, and that is true; fifty per cent of a two cent tariff is one cent. But when one realizes that they send only $1,500,000 worth, one realizes how insignificant it is. And in order to achieve this great purpose of getting into the United States market for $1,500,000 worth of swine, with other minor advantages, we are extending to the United States, through the Anglo-American treaty, the preference in the old land.

Mr. EULER: I wish to correct one impression left by the hon. member with regard to the preference which he says we have given up in the United Kingdom market in bacon and hams. We have given up nothing whatever. Our quota remains exactly what it was. The only thing is that the quota for the United States has been increased from 400,000 hundredweight to 500,000 hundredweight. That is not at the expense of the Canadian producer but of other countries that are exporting to Great

Britain, and no advantage whatever is yielded by the Canadian government in the British market. Moreover, there was no binding with regard to Canada other than the quota. The United Kingdom was at perfect liberty to make any concessions she desired to the United States, but I repeat that we have given up nothing in regard to bacon and hams. The quota is the same as it was, and any increase in quota granted the United States by the United Kingdom is at the expense of other countries and not of Canada.

Items agreed to.

United States tariff—706. Edible animal livers, kidneys, tongues, hearts, sweetbreads, tripe, and brains, fresh, chilled or frozen: 3 cents per pound, but not less than 15 per cent ad valorem.

Item agreed to.

United States tariff—707. Whole milk, fresh or sour, 3½ cents per gallon.

Provided, that such fresh or sour milk entered for consumption in any calendar year after 1938 in excess of 3,000,000 gallons shall not be entitled to a reduction in duty by virtue of this item, but the rate of duty thereon shall not exceed: 6½ cents per gallon.

Item agreed to.

United States tariff—707. Cream, fresh or sour: 28$\frac{3}{10}$ cents per gallon.

Provided, that such fresh or sour cream entered for consumption in any calendar year after 1938 in excess of 1,500,000 gallons shall not be entitled to a reduction in duty by virtue of this item, but the rate of duty thereon shall not exceed 56$\frac{3}{10}$ cents per gallon.

Mr. PERLEY: It seems to me that the government have not done the best that was possible in connection with milk and cream. The reduction is only 6½ cents a gallon. There is an ad valorem duty of nineteen per cent. I do not think that is quite good enough. After listening to the debate that took place yesterday with regard to the effect upon the dairy industry in Canada of imports of vegetable oils, I submit that the government should have made every effort to secure a greater concession in respect to cream and milk. Consider the surplus butter we have in Canada. The government might have made an effort to secure a greater reduction and to have the quota increased. The quota on cream is 1,500,000 gallons. If that could have been doubled at a lower rate, it would have assisted materially. I repeat, the government should have made a greater effort.

Mr. EULER: It was not possible to get a lower rate. We received the maximum reduction of fifty per cent. It was not possible under the powers of the president.

Mr. PERLEY: You did not get a fifty per cent reduction on cream.

Mr. EULER: Yes.

Mr. PERLEY: It is from 35 cents to 28$\frac{3}{10}$ cents.

Mr. EULER: Yes, but we had a reduction in the previous agreement. It is a reduction of fifty per cent from the tariff rate.

Mr. ROWE (Dufferin-Simcoe): From the tariff act of 1930.

Mr. EULER: Yes, and that was the full reduction that was possible.

Mr. STEWART: With respect to the export of cream and milk, is it not a fact that it is subject to municipal and state regulations as to production in Canada under conditions that conform with their requirements? As a matter of fact, I am informed by those who know very well that it is practically impossible to comply with the regulations, so far as the average producer is concerned, because the product must be pasteurized in one state, or there are some other regulations as to production which make it difficult for the Canadian producer to comply with the requirements. It is only one in a hundred who can do it. Is that not the reason why we have not caught up to our quota?

Mr. EULER: Probably it is. There is no question that the United States health regulations are very strict indeed. But it hardly enters into the scope of making a trade agreement to ask the United States to change their health regulations which are imposed for the purpose of preserving the health of their people.

Mr. STEWART: I am asking if that is not the reason why we have not reached anything like our quota and cannot possibly reach it under this or any other agreement.

Mr. EULER: That may be true.

Mr. HAYHURST: Under the new agreement 1,500,000 gallons of cream may be shipped annually at 28$\frac{3}{10}$ cents per gallon. How many gallons were shipped under the 1935 agreement at 35 cents a gallon?

Mr. EULER: In 1935, 480 gallons; in 1936, 44,053 gallons; in 1937, 136,034 gallons.

Mr. HAYHURST: What was the amount that could have been shipped?

Mr. EULER: A million and a half gallons.

Mr. ROWE (Dufferin-Simcoe): What percentage is that of the United States consumption?

Mr. EULER: I do not know, but I think it is very small.

Mr. STEVENS: The decimal would be too long.

Mr. ROWE (Dufferin-Simcoe): Practically any county between Ottawa and Toronto could produce more than the total quota secured.

Mr. EULER: I quite admit that this is not the most important concession we received. The others that we received are so great that this may appear infinitesimal, but that is no reason for refusing it.

Mr. McLEAN (Melfort): The 18,000,000 gallons of milk or its equivalent in cream that would be taken off the market here would just about account for the surplus of butter that is troubling us. If that amount of butter were gone the market would be buoyant as it was at this time last year.

Mr. THOMPSON: Enlarging the quota is of no benefit to Canada, because the duty remains the same and the quota last year was not filled.

Mr. McLEAN (Melfort): The statistics of two or three weeks ago indicated that there were only five or six million pounds more butter than last year in storage. That is, there were ten million, but there was an evident shortage of five million pounds last year which had to be obtained from some other source, so that there was a net surplus this year of about five million pounds.

Mr. ROWE (Dufferin-Simcoe): It would still have to be good milk.

Mr. THOMPSON: We sent last year only about 5,000 gallons of milk; we practically are not shipping any milk to the United States.

Mr. STEWART: We cannot get it in there.

Mr. THOMPSON: This 6½ cents a gallon on fresh milk—

Mr. McLEAN (Melfort): It is 3¼ cents a gallon.

Mr. THOMPSON: It was 6½ cents, now down to 3¼ cents. Milk will not be shipped in under that.

Mr. McLEAN (Melfort): Well, there is an opportunity anyhow.

Mr. WALSH: Have any arrangements been made for the inspection of farms and dairies which might be interested in shipping milk or cream to the United States, so that they could meet the regulations there?

Mr. EULER: I am informed that this is being done all the time, but for more definite information I am afraid I have to refer my hon. friend to my colleague the Minister of Agriculture.

Mr. STEWART: He would not tell you.

Item agreed to.

United States tariff—707. Skimmed milk, fresh or sour, and buttermilk: 2½₀ cents per gallon.

Item agreed to.

United States tariff—708(b). Dried buttermilk: 1½ cents per pound.

Item agreed to.

United States tariff—710. Cheddar cheese, whether or not in original loaves, but not including any cheese processed otherwise than by division into pieces: 4 cents per pound, but not less than 25 per cent ad valorem.

Item agreed to.

United States tariff—711. Birds, live; chickens, ducks, geese, turkeys and guineas: 4 cents per pound.

Item agreed to.

United States tariff—712. Birds, dead, dressed or undressed, fresh, chilled, or frozen; chickens, ducks, geese, and guineas: 6 cents per pound.

Item agreed to.

United States tariff—713. Eggs of chickens, in the shell: 5 cents per dozen.

Item agreed to.

United States tariff—714. Horses, unless imported for immediate slaughter:
Valued at not more than $150 per head: $15 per head.
Valued at more than $150 per head: 17½ per cent ad valorem.

Item agreed to.

United States tariff—716. Honey: 1½ cents per pound.

Item agreed to.

United States tariff—717(a). Fish, fresh or frozen (whether or not packed in ice), whole, or beheaded or eviscerated or both, but not further advanced (except that the fins may be removed):
Halibut, salmon, and swordfish (not including naturally or artificially frozen swordfish: 1 cent per pound.
Mackerel: Fresh, 1 cent per pound; frozen, 1½ cents per pound.
Chubs, fresh-water mullet (catostomus), jacks, lake trout, saugers, tullibees, whitefish, yellow pike, blue pike, ciscoes, lake herring, and yellow perch: ¾ cent per pound.
Shad, eels, and sturgeon (not including frozen sturgeon): ½ cent per pound.
Cod, haddock, hake, pollock, and cusk: Without fins removed, ¾ cent per pound; with fins removed: 1 cent per pound.

Item agreed to.

United States tariff—717(b). Fish, fresh or frozen (whether or not packed in ice), filleted, skinned, boned, sliced, or divided into portions, not specially provided for: cod, haddock, hake, pollock, cusk, and rosefish: 1⅞ cents per pound.

Provided, that such fish entered, or withdrawn from warehouse, for consumption in any calendar year after 1938 in excess of an aggregate quantity of 15,000,000 pounds shall not be entitled to a reduction in duty by virtue of this item;

Provided further, that if the average apparent annual consumption of such fish in the United States during the three calendar years preceding the year in which such fish are entered, or withdrawn from warehouse, for consumption, exceeds 100,000,000 pounds, an additional quantity of such fish equal to the amount by which 15 per centum of such average apparent annual consumption exceeds 15,000,000 pounds may be entered, or withdrawn from warehouse, for consumption in that year at the reduced rate above specified. Such average apparent annual consumption shall be taken as the sum of the following:

(a) The production in the United States of cod, haddock, hake, pollock, cusk, and rosefish fillets, steaks, and sticks, whether fresh or frozen, as now defined, and as reported, by the United States bureau of fisheries (for the purposes of this agreement such production for the calendar year 1936 shall be considered as 94,908,000 pounds, and for the calendar year 1937, as 92,332,000 pounds);

(b) The quantity of cod, haddock, hake, pollock, cusk, and rosefish fillets, steaks and sticks, whether fresh or frozen, entered into the customs territory of the United States free of duty under paragraph 1730(a) of the Tariff Act of 1930 as products of American fisheries (for the purposes of this agreement such quantity for the calendar year 1936 shall be considered as 40,000 pounds, and for the calendar year 1937, as 585,000 pounds); and

(c) The aggregate quantity entered, or withdrawn from warehouse, for consumption of cod, haddock, hake, pollock, cusk, and rosefish, fresh or frozen (whether or not packed in ice), filleted, skinned, boned, sliced, or divided into portions, not specially provided for (for the purposes of this agreement such quantity for the calendar year 1936 shall be considered as 6,296,000 pounds, for the calendar year 1937, as 6,719,000 pounds, and for the calendar year 1938, as 6,100,000 pounds);

Provided further, that if, after consultation with the government of the United States of America, the government of Canada requests the allocation of the quantity entitled to enter at the reduced rate of duty under this item, the government of the United States of America shall take the necessary steps to allocate the said quantity among countries of export on the basis provided for in article III of this agreement.

Item agreed to.

United States tariff—717(b). Fish, fresh or frozen (whether or not packed in ice), filleted, skinned, boned, sliced, or divided into portions, not specially provided for (except cod, haddock, hake, pollock, cusk, and rosefish); 2½ cents per pound.

Item agreed to.

United States tariff—719. Fish, pickled or salted (except fish packed in oil or in oil and other substances and except fish packed in airtight containers weighing with their contents not more than 15 pounds each):

(1) Salmon: 12½ per cent ad valorem.

(2) Cod, haddock, hake, pollock, and cusk, neither skinned nor boned (except that the vertebral column may be removed):

When containing not more than 43 per centum of moisture by weight: ⅝ cent per pound.

When containing more than 43 per centum of moisture by weight: ⅜ cent per pound.

(3) Cod, haddock, hake, pollock, and cusk, skinned or boned, whether or not dried: 1½ cents per pound.

(4) Herring, beheaded and eviscerated, but not further advanced (except that the fins may be removed), and herring known commercially as split herring, any of the foregoing, in bulk or in immediate containers weighing with their contents more than 15 pounds each and containing each more than 10 pounds of herring, net weight: ⅝ cent per pound net weight.

(4) Mackerel, whether or not boned, in bulk or in immediate containers weighing with their contents more than 15 pounds each: 1 cent per pound net weight.

(5) Alewives in bulk or in immediate containers weighing with their contents more than 15 pounds each: ⅝ cent per pound net weight.

Item agreed to.

United States tariff—720(a). Fish, smoked or kippered (except fish packed in oil or in oil and other substances and except fish packed in airtight containers weighing with their contents not more than 15 pounds each):

(1) Salmon: 15 per cent ad valorem.

(2) Hard dry-smoked herring, when whole or beheaded but not further advanced: ⅝ cent per pound.

(3) Smoked herring, boned, whether or not skinned: 1½ cents per pound.

(4) Cod, haddock, hake, pollock, and cusk, whole, or beheaded or eviscerated or both, but not further advanced (except that the vertebral column may be removed): 1¼ cents per pound.

(5) Cod, haddock, hake, pollock, and cusk, filleted, skinned, boned, sliced, or divided into portions: 2 cents per pound.

Item agreed to.

United States tariff—720(b). Cod, haddock, hake, pollock, and cusk, prepared or preserved, not specially provided for, in immediate containers weighing with their contents not more than 15 pounds each: 2½ cents per pound, but not less than 12½ nor more than 25 per cent ad valorem.

Item agreed to.

United States tariff—721(b). Razor clams (*siliqua patula*), packed in airtight containers: 15 per cent ad valorem.

Item agreed to.

United States tariff—722. Barley, hulled or unhulled: 15 cents per bushel of 48 pounds.

Item agreed to.

United States tariff—722. Barley malt: 40 cents per 100 pounds.

Item agreed to.

United States tariff—723. Buckwheat, hulled or unhulled: 15 cents per 100 pounds.

Item agreed to.

United States tariff—723. Buckwheat flour and grits or groats: 3/10 cent per pound.

Item agreed to.

United States tariff—726. Oats, hulled or unhulled: 8 cents per bushel of 32 pounds.

Item agreed to.

United States tariff—726. Unhulled ground oats: 25 cents per 100 pounds.

Item agreed to.

United States tariff—726. Oatmeal, rolled oats, oat grits, and similar oat products: 10 per cent ad valorem, but not less than 40 nor more than 80 cents per 100 pounds.

Item agreed to.

United States tariff—728. Rye: 12 cents per bushel of 56 pounds.

Item agreed to.

United States tariff—728. Rye malt: 35 cents per 100 pounds.

Item agreed to.

United States tariff—729. Wheat, unfit for human consumption: 5 per cent ad valorem.

Mr. PERLEY: Was any effort made to get a lower duty on wheat, not wheat unfit for human consumption, but straight wheat?

Mr. EULER: Yes, great efforts were made, but I am sorry to say without success.

Mr. MacNICOL: They would not give us anything if they could get out of it.

Item agreed to.

United States tariff—730. Bran, shorts, by-product feeds obtained in milling wheat or other cereals: 5 per cent ad valorem.

Item agreed to.

United States tariff—730. Hulls of oats, barley, buckwheat, or other grains, ground or unground: 5 cents per 100 pounds.

Item agreed to.

United States tariff—730. Dried beet pulp: $3.75 per ton.

Item agreed to.

[Mr. Stewart.]

United States tariff—730. Malt sprouts and brewers' grains: $2.50 per ton.

Item agreed to.

United States tariff—730. Mixed feeds, consisting of an admixture of grains or grain products with oil cake, oil cake meal, molasses, or other feedstuffs: 5 per cent ad valorem.

Item agreed to.

United States tariff—731. Screenings, scalpings, chaff, or scourings of wheat, flaxseed, or other grains or seeds: unground, or ground: 5 per cent ad valorem.

Item agreed to.

United States tariff—732. Cereal breakfast foods, and similar cereal preparations, by whatever name known, processed further than milling, and not specially provided for: 10 per cent ad valorem.

Mr. CLARKE (Rosedale): Does that mean that there is a good deal of labour in the processing of these cereal breakfast foods?

Mr. EULER: This covers all cereal breakfast foods. They would be processed. It does not cover the good old Scotch dish, oatmeal.

Mr. CLARKE (Rosedale): How much labour would there be in processing these cereals?

Mr. EULER: I am afraid I cannot tell that.

Item agreed to.

United States tariff—734. Apples, green or ripe: 15 cents per bushel of 50 pounds.

Mr. WALSH: Is there any kind of connection between this item as it pertains to the Canada-United States treaty and to the United States-United Kingdom treaty?

Mr. EULER: This is the same as we had in the old agreement; there is no change.

Mr. WALSH: There is nothing in this item that is related in any way to the reduction as between the United States and the United Kingdom that will interfere with our apple growers?

Mr. EULER: No, I would say not.

Item agreed to.

United States tariff—736. Berries, edible, in their natural condition or in brine, not specially provided for:

Blueberries: 1 cent per pound.

Other (except lingon or partridge berries): 3/4 cent per pound.

Item agreed to.

United States tariff—736. Blueberries, prepared or preserved, or frozen, but not in brine and not dried, desiccated, or evaporated, and not specially provided for: 17½ per cent ad valorem.

Item agreed to.

United States tariff—736. Berries, edible, frozen, and not specially provided for: 17½ per cent ad valorem.

Item agreed to.

United States tariff—737. Cherries: (1) in their natural state, not in airtight or watertight containers: 1 cent per pound.

Item agreed to.

United States tariff—738. Cider: 3 cents per gallon.

Mr. MASSEY: What is cider?

Mr. EULER: As far as I know, it is the juice of the apple; that is the best definition I can give.

Mr. STEWART: Drink it and see what it will do.

Item agreed to.

United States tariff—753. Cut flowers, fresh, dried, prepared or preserved: 25 per cent ad valorem.

Mr. MacNICOL: In the absence of the hon. member for Peel (Mr. Graydon), I might say that he would like to have seen this item reduced the full amount that the President of the United States could have given, namely, to 20 per cent.

Mr. EULER: We obtained quite a substantial reduction, from 40 per cent to 25 per cent.

Mr. MacNICOL: I am sure if the hon. member for Peel had been here he would have asked that the duty be reduced to 20 per cent.

Item agreed to.

United States tariff—763. Grass seeds and other forage crop seeds:

Alfalfa: 4 cents per pound.
Alsike clover: 4 cents per pound.
Red clover: 4 cents per pound.
Sweet clover: 2 cents per pound.
Timothy: 1 cent per pound.
Bent-grass (genus agrostis): 20 cents per pound.
Bluegrass: 2½ cents per pound.
Wheatgrass: 1 cent per pound.
Bromegrass: 1 cent per pound.

Item agreed to.

United States tariff—764. Tree and shrub seeds: 4 cents per pound.

Item agreed to.

United States tariff—766. Beets, other than sugar beets: 10 per cent ad valorem.

Item agreed to.

United States tariff—769. Peas, green or unripe, when imported and entered for consumption during the period from July 1 to September 30, inclusive, in any year: 2 cents per pound.

Item agreed to.

United States tariff—771. White or Irish seed potatoes, certified by a responsible officer or agency of a foreign government in accordance with the official rules and regulations of that government to have been grown and approved especially for use as seed, in containers marked with the foreign government's official certified seed potato tags, when entered for consumption during the period

From March 1 to November 30, inclusive, in any year: 37½ cents per 100 pounds.

From December 1 in any year to the last day of the following February, inclusive: 60 cents per 100 pounds.

Provided, that if and when the United States is no longer obligated to accord to such potatoes produced in the Republic of Cuba a preferential reduction in the rate of duty in excess of 20 per centum, the rate of duty under this item during the entire year shall be 37½ cents per 100 pounds.

Provided further, that such potatoes entered for consumption in the 12-month period beginning on September 15 in the year 1938 or any subsequent year in excess of an aggregate quantity of 1,500,000 bushels of 60 pounds each shall not be entitled to a reduction in duty by virtue of this item, but the rate of duty thereon shall not exceed 75 cents per 100 pounds.

United States tariff—771. White or Irish potatoes, other than certified seed potatoes, as defined in the preceding item, when entered for consumption during the period

From March 1 to November 30, inclusive, in any year: 37½ cents per 100 pounds.

From December 1 in any year to the last day of the following February, inclusive: 60 cents per 100 pounds.

Provided, that such potatoes entered for consumption in the twelve-month period beginning on September 15 in the year 1938 or any subsequent year in excess of an aggregate quantity of 1,000,000 bushels of 60 pounds each shall not be entitled to a reduction in duty by virtue of this item, but the rate of duty thereon shall not exceed 75 cents per 100 pounds.

Provided further, that if for any calendar year the production of white or Irish potatoes, including seed potatoes, in the United States, according to the estimate made as of September 1 by the United States Department of Agriculture, is less than 350,000,000 bushels of 60 pounds each, an additional quantity of such potatoes, other than certified seed potatoes, equal to the amount by which such estimated production is less than 350,000,00 bushels may be entered for consumption during the twelve-month period beginning on September 15 of that year at the reduced rates above specified;

And provided further, that in computing the quantities of imports specified in the two foregoing provisos white or Irish potatoes produced in the Republic of Cuba shall not be included.

Mr. STEWART: What is the rate on potatoes coming into Canada compared with the rate on potatoes going into the United States?

Mr. EULER: The rate is 37½ cents per 100 pounds from June 15 to the end of July and free for the rest of the year.

Mr. STEWART: What is the minister quoting now?

Mr. EULER: The rate against the United States; the Canadian tariff.

Mr. STEWART: What is the rate against Canadian potatoes going into the United States?

Mr. EULER: That is given here; for table potatoes it is 37½ cents per 100 pounds from March 1 to November 30 inclusive in any year. From December 1 in any year to the last day of the following February, inclusive, it is 60 cents per 100 pounds, and there is a quota of 1,000,000 bushels.

Mr. STEWART: Then I am correct in saying that the rate on potatoes going from Canada to the United States is higher than the rate on potatoes coming from the United States into Canada?

Mr. EULER: Yes, during certain parts of the year.

Mr. STEWART: What part of the year?

Mr. EULER: I just gave it. The rate is 60 cents per 100 pounds from December 1 in any year until the last day of the following February. During certain parts of the year the rates are the same.

Mr. WALSH: I assume these items are restricted to this particular description of potatoes?

Mr. EULER: There are two kinds, seed potatoes and table potatoes.

Mr. WALSH: Are there quotas under these items?

Mr. EULER: Yes.

Mr. WALSH: And are these quotas dealt with in much the same way as the quotas we discussed in the earlier part of the evening in connection with cattle? Are they quotas which must be filled within definite periods or are they annual quotas?

Mr. EULER: It is an annual quota beginning on September 15. There is a quota of 1,000,000 bushels a year in connection with table potatoes, with the exception that if the production in the United States in any year is less than 350,000,000 bushels, we get the benefit of the difference. For instance, if their production should be 340,000,000 bushels our quota would be increased by the difference, which would be 10,000,000 bushels.

Mr. WALSH: While I was in Halifax I was given to understand that the cold storage plant was pretty well filled with seed potatoes held there awaiting shipment to the United States. I was wondering if those potatoes were going to fill part of this quota and if it was the regular practice to hold them in Canada in storage, or if they were shipped through and held in storage in the United States.

Mr. EULER: No doubt they were waiting until the 37½ cent rate came into force on March 1.

Items agreed to.

United States tariff—773. Turnips and rutabagas: 12½ cents per 100 pounds.

Item agreed to.

United States tariff—774. Carrots, radishes, and cauliflower, in their natural state: 25 per cent ad valorem.

Item agreed to.

United States tariff—779. Hay: $2.50 per ton of 2,000 pounds.

United States tariff—779. Straw: 75 cents per ton of 2,000 pounds.

Items agreed to.

United States tariff—802. Whiskey of all types or classes, not consisting in any part of distilled spirits which have not been aged in wooden containers at least four years prior to the date the whiskey is entered, or withdrawn from warehouse, for consumption: $2.50 per proof gallon.

Mr. WALSH: There has been no improvement under this item in regard to the possibility of shipping whisky into the United States. I am not interested in retaining the whisky in Canada, but I notice there is no opportunity for shipping a greater quantity into the United States market.

Mr. EULER: We have the full reduction of fifty per cent.

Mr. WALSH: Under the previous agreement, but there has been no further reduction under this agreement.

Mr. EULER: This is another case where our tariff is higher against United States whisky than their tariff is against our whisky.

Mr. WALSH: But presumably their whisky is not as good as ours; I do not know.

Mr. EULER: I do not know either.

Mr. WALSH: We used to enjoy a considerable market for our whisky in the United States, but it seem difficult to get it in there at the present time. I just hope the government did the best it could to rid this country of the greatest possible amount of whisky.

Mr. EULER: We got the best terms we could.

Item agreed to.

United States tariff—1001. Flax straw: $1.50 per ton.

Item agreed to.

United States tariff—1007. Hose, suitable for conducting liquids or gases, wholly or in chief value of vegetable fibre: 10 cents per pound and 7½ per cent ad valorem.

Item agreed to.

United States tariff—1401. Uncoated papers commonly or commercially known as book paper, and all uncoated printing paper, not specially provided for, not including cover paper: ⅛ cent per pound and 5 per cent ad valorem.

Item agreed to.

United States tariff—1402. Pulpwood in rolls for use in the manufacture of wallboard, not plate finished, supercalendered or friction calendered, laminated by means of an adhesive substance, coated, surface stained or dyed, lined or vat-lined, embossed, printed, decorated or ornamented in any manner, nor cut into shapes for boxes or other articles and not specially provided for: 5 per cent ad valorem.

Item agreed to.

United States tariff—1404. Papers commonly or commercially known as tissue paper, stereotype paper, and copying paper, india and bible paper, condenser paper, carbon paper, coated or uncoated, bibulous paper, pottery paper, tissue paper for waxing, and all paper similar to any of the foregoing, not specially provided for, covered or uncovered, white or printed:

Weighing not over 6 pounds to the ream, and whether in sheets or any other form, valued at not more than 15 cents per pound: 3 cents per pound and 10 per cent ad valorem.

Weighing over 6 pounds and less than 10 pounds to the ream, valued at not more than 15 cents per pound: 2½ cents per pound and 7½ cents ad valorem.

United States tariff—1404. Crepe paper, commonly or commercially so known, including paper creped or partly creped in any manner, valued at not more than 12½ cents per pound: 3 cents per pound and 7½ per cent ad valorem.

Items agreed to.

United States tariff—1409. Hanging paper, not printed, lithographed, dyed or coloured: 7½ per cent ad valorem.

Item agreed to.

United States tariff—1410. Tourist literature containing historical, geographic, time table, travel, hotel, or similar information, chiefly with respect to places or travel facilities outside the continental United States:

If of bona fide foreign authorship: 7½ per cent ad valorem.

All other: 12½ per cent ad valorem.

Item agreed to.

United States tariff—1410. Drawings, engravings, photographs, etchings, maps, and charts, containing additional text conveying historical, geographic, time table, travel, hotel, or similar information, chiefly with respect to places or travel facilities outside the continental United States: 12½ per cent ad valorem.

Item agreed to.

United States tariff—1413. Pulpboard in rolls for use in the manufacture of wallboard, surface stained or dyed, lined or vat-lined, embossed, or printed: 15 per cent ad valorem.

Item agreed to.

United States tariff—1502. Lacrosse sticks: 15 per cent ad valorem.

Item agreed to.

United States tariff—1502. Ice skates and parts thereof: 15 per cent ad valorem.

Item agreed to.

United States tariff—1519 (c). Silver or black fox furs or skins, dressed or undressed, not specially provided for: 27½ per cent ad valorem.

Item agreed to.

United States tariff—1530 (b). Leather (except leather provided for in subparagraph (d) of paragraph 1530 of the Tariff Act of 1930), made from hides or skins of cattle of the bovine species:

(3) Leather to be used in the manufacture of harness or saddlery: 10 per cent ad valorem.

(4) Patent leather, rough, partly finished, or finished, or cut or wholly or partly manufactured into uppers, vamps, or any forms or shapes suitable for conversion into boots, shoes, or footwear: 7½ per cent ad valorem.

Item agreed to.

United States tariff—1530 (e). Skating boots and shoes, made wholly or in chief value of leather, sewed or stitched by the process or method known as McKay, if attached to ice skates, and not specially provided for: 15 per cent ad valorem.

Item agreed to.

United States tariff—1532 (b). Gloves wholly or in chief value of leather made from horsehides or cowhides (except calfskins), whether wholly or partly manufactured: 15 per cent ad valorem.

Item agreed to.

United States tariff—1537 (b). Hose and tubing, having at no point an inside diameter of less than three-eighths of one inch, suitable for conducting liquids or gases, wholly or in chief value of india rubber (not known as "hard rubber") or gutta-percha, not specially provided for: 12½ per cent ad valorem.

Item agreed to.

United States tariff—1541 (a). Pipe organs or pipe-organ player actions and parts thereof especially designed and constructed for installation and use in a particular church, or in a particular public auditorium at which it is not customary to charge an admission fee, which are imported for that specific use, and which are so installed and used within one year from the date of importation:

Pipe organs and parts thereof: 17½ per cent ad valorem.

Pipe-organ player actions and parts thereof: 20 per cent ad valorem.

United States tariff—1541(a). Pipe organs and parts thereof, not specially provided for: 17½ per cent ad valorem.

United States tariff—1541(a). Pipe organ player actions and parts thereof, not specially provided for: 30 per cent ad valorem.

Items agreed to.

United States tariff—1555. Waste, not specially provided for: 7½ per cent ad valorem.

Item agreed to.

United States tariff—1558. Evergreen Christmas trees: 5 per cent ad valorem.

Item agreed to.

United States tariff—1601. Sulphuric acid or oil of vitriol: free.

Item agreed to.

United States tariff—1604. Agricultural implements: Plows, tooth or disc harrows, headers, harvesters, reapers, agricultural drills and planters, mowers, horserakes, cultivators, thrashing machines, wagons and carts, cream separators valued at not more than $50 each, and all other agricultural implements of any kind or description (except tractors), not specially provided for, whether in whole or in parts, including repair parts: free.

Item agreed to.

United States tariff—1606(a) and (b). Bulls, cows, hogs and sheep, imported by a citizen of the United States specially for breeding purposes: free, subject to the proviso to paragraph 1606 (a) and (b), Tariff Act of 1930.

Item agreed to.

United States tariff—1616. Asbestos, unmanufactured, asbestos crudes, fibers, stucco and sand and refuse containing not more than 15 per centum of foreign matter: free.

Item agreed to.

United States tariff—1641. Calcium: cyanamid or lime nitrogen: free.

Item agreed to.

[Mr. Walsh.]

United States tariff—1651. Coal-tar products: Benzene, toluene, xylene, crude coal tar, crude blast-furnace tar, crude oil-gas tar, crude water-gas tar, and all other distillates of crude coal tar, not specially provided for, which on being subjected to distillation yield in the portion distilling below 190 degrees centrigrade a quantity of tar acids less than 5 per centum of the original distillate: free.

Item agreed to.

United States tariff—1652. Cobalt and cobalt ore: free.

Item agreed to.

United States tariff—1667. Sodium cyanide: free.

Item agreed to.

United States tariff—1669. All drugs of animal origin, including fish livers, which are natural and uncompounded drugs and not edible, and not specially provided for, and are in a crude state, not advanced in value or condition by shredding, grinding, chipping, crushing, or any other process or treatment whatever beyond that essential to the proper packing of the drugs and the prevention of decay or deterioration pending manufacture, and not containing alcohol: free.

Mr. MacNICOL: Mr. Chairman, you are reading a number of items I do not find in my statement at all. You are not putting anything over, I hope.

Mr. EULER: This is the free list, anyway.

Item agreed to.

United States tariff—1672. Crude artificial abrasives, not specially provided for: free.

Item agreed to.

United States tariff—1681. Furs and skins, not specially provided for, undressed:

Mink, beaver, muskrat, wolf, including prairie wolf, skunk, otter, lynx, and fisher: free.

Item agreed to.

United States tariff—1688. Cattle-body hair (including calf-body hair) and horse-body hair, cleaned or uncleaned, but unmanufactured, not specially provided for: free.

Item agreed to.

United States tariff—1716. Mechanically ground woodpulp, chemical wood pulp, unbleached or bleached: free.

Mr. WALSH: I understand that the United States ship little or no wood pulp into Canada, which is only natural since Canada produces such huge quantities of this commodity. But am I correct in assuming that countries enjoying favoured nation treatment have the same privilege as the United States?

Mr. EULER: I assume my hon. friend refers to the most favoured nation arrangement.

Mr. WALSH: Yes.

Mr. EULER: Any country with which the United States has a most favoured nation agreement will be entitled to the same privileges we are.

Mr. WALSH: That is shipping into the United States; but it does not work both ways. It does not give those other nations the privilege to ship to Canada.

Mr. EULER: If we have a most favoured nation agreement with another country, we cannot give to the United States what we do not give to those other countries. We give to them what we give to the United States.

Mr. WALSH: But, for instance, this would not enable a country like Finland to ship wood pulp into Canada at the same rate as we ship wood pulp to the United States, or they ship it through to us?

Mr. EULER: No.

Mr. STEWART: Is it not a fact that many of these items were free prior to the 1935 agreement, and that they are just bound in this agreement?

Mr. EULER: Yes. It would appear that the hon. member for Mount Royal is referring to the other items. This schedule has to do with Canadian products going into the United States, not with products coming into Canada.

Mr. WALSH: I appreciate that, but I was afraid I would not be here when the items in the other category are called.

Mr. EULER: They have already been passed.

Item agreed to.

United States tariff—1719. Minerals, crude, or not advanced in value or condition by refining or grinding, or by other process of manufacture, not specially provided for:
Lignite: free.
Natural gas: free.
Gravel: free.
Nepheline syenite: free.
Note: Nepheline syenite is subject to the proviso to item 214.

Item agreed to.

United States tariff—1734. Nickel ore, nickel matte, and nickel oxide: free.

Item agreed to.

United States tariff—1743. Plaster rock (including anhydrite) and gypsum, crude: free.
Note: The existing customs classification treatment of gypsum which has been broken merely for the purpose of facilitating its shipment to the United States, as "crude" in accordance with the decision of the United States Court of Customs and Patent Appeals, published as Treasury Decision 45725 (61 Treasury Decisions 1215), shall be continued during the effective period of this agreement.

Item agreed to.

United States tariff—1749. Radium, and salts of: free.

Item agreed to.

United States tariff—1756. Sea herring and smelts, fresh or frozen, whether or not packed in ice, and whether or not whole: free.

Item agreed to.

United States tariff—1758. Selenium, and salts of: free.

Item agreed to.

United States tariff—1760. Shingles of wood: free.
Provided, That the United States reserves the right to impose a customs duty, not exceeding 25 cents per square, on any red cedar shingles which may be entered, or withdrawn from warehouse, for consumption in any calendar year after 1938 in excess of a quantity to be specified by the United States, which quantity shall not be less than 30 per centum of the annual average for the preceding three calendar years of the combined total of the quantity of red cedar shingles shipped by producers in the United States and of the quantity of such shingles entered, or withdrawn from warehouse, for consumption (for the purposes of this Agreement, such combined total for the calendar year 1936 shall be considered as 7,526,056 squares).

Mr. TUSTIN: I read in a press report from Washington the other day that this item had been taken up by the government of the United States with the intention of trying to have the quota reduced. Would the minister say whether or not there is anything in that report?

Mr. EULER: I understand a member of the United States congress has introduced a bill to that effect. However it would be in conflict with the agreement, and could not override it. I do not think there is any possibility of it being enacted.

Mr. TUSTIN: I have the clipping here. The president's letter said, "This matter is being given the most careful attention."

Mr. MacNICOL: That is an answer we get here.

Mr. EULER: We have heard governments make the same statement in another country.

Item agreed to.

United States tariff—1761. Lobsters (except spiny lobsters), fresh or frozen (whether or not packed in ice), or prepared or preserved in any manner (including pastes and sauces) and not specially provided for: free.

Item agreed to.

United States tariff—1761. Clams, quahaugs, oysters (except seed oysters), and crabs, fresh or frozen (whether or not packed in ice), and not specially provided for: free.

Item agreed to.

United States tariff—1761. Scallops, fresh but not frozen (whether or not packed in ice): free.

Item agreed to.

United States tariff—1772. Standard newsprint paper: free.

Mr. STEWART: How long has newsprint been free going into the United States?

Mr. STEVENS: Many years.

Mr. EULER: Since 1923 or 1922, I believe.

Item agreed to.

United States tariff—1775. Stone and sand: Burrstone in blocks, rough or unmanufactured; quartzite; traprock; rottenstone, tripoli, and sand, crude or manufactured; silica; cliff stone, freestone, granite, and sandstone, unmanufactured, and not suitable for use as monumental, paving or building stone; all the foregoing not specially provided for: free.

Item agreed to.

United States tariff—1803(1). Timber hewn, sided, or squared, otherwise than by sawing, and round timber used for spars or in building wharves; sawed lumber and timber, not further manufactured than planed, and tongued and grooved; all the foregoing, if not of balsa, teak, cedar commercially known as Spanish cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, Japanese white oak, or Japanese maple, and not specially provided for: free.

Item agreed to.

United States tariff—1803(2). Logs; timber, round, unmanufactured; pulp woods; firewood, handle bolts, shingle bolts; and laths; all the foregoing, not cabinet woods or balsa, and not specially provided for: free.

Item agreed to.

United States tariff—1804. Posts, railroad ties, and telephone, trolley, electric light, and telegraph poles of cedar or other woods: free.

Item agreed to.

United States tariff—1805. Pickets, palings, hoops, and staves of wood of all kinds: free.

Item agreed to.

United States import tax—601(c)(6). Lumber, including sawed timber, rough, or planed or dressed on one or more sides, except flooring made of maple, birch, and beech, and except lumber and timber of northern white pine (*pinus strobus*), Norway pine (*pinus resinosa*), western white spruce, balsa, teak, cedar commercially known as Spanish cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, Japanese white oak, or Japanese maple: $1.50 per thousand feet, board measure.

Item agreed to.

United States import tax—601(c)(8). Shark oil and shark liver oil, including oil produced from sharks known as dogfish: 1½ cents per pound.

Item agreed to.

Progress reported.

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

Friday, March 24, 1939

The house met at three o'clock.

PRIVATE BILLS

REFERENCE OF CERTAIN PETITIONS TO COMMITTEE ON STANDING ORDERS

Mr. W. A. WALSH (Mount Royal) moved:

That the petition of John Roy Fumerton, presented on March 22, and the petition of Iris Ester Westerberg Duffy, presented on March 23, each praying for the passing of an act to dissolve the marriage of the petitioner, together with the respective reports of the clerk of petitions thereon, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable.

Motion agreed to.

LIVE STOCK PEDIGREE ACT

ESTABLISHMENT OF CANADIAN NATIONAL LIVE STOCK RECORDS

Hon. J. G. GARDINER (Minister of Agriculture) moved for leave to introduce Bill No. 59, to amend the Live Stock Pedigree Act, 1932.

Some hon. MEMBERS: Explain.

Mr. GARDINER: This bill is simply to legalize a practice which has been carried on in connection with the pedigrees by the board which is entrusted with that responsibility, and I think it can be explained better on the second reading of the bill in committee.

Motion agreed to and bill read the first time.

TRADE AND INDUSTRY COMMISSION

GOVERNOR IN COUNCIL UPON ADVICE OF COMMISSION MAY PRESCRIBE STANDARDS AND ESTABLISH GRADES

Hon. W. D. EULER (Minister of Trade and Commerce) moved for leave to introduce Bill No. 60, to amend the Dominion Trade and Industry Commission Act, 1935.

Some hon. MEMBERS: Explain.

Mr. EULER: Mr. Speaker, this bill is the outcome of certain representations made by the late Judge Sedgewick, the chairman of the dominion trade and industry commission. It includes certain provisions which he regarded as desirable in the public interest and which were omitted from the original bill. I may say that the bill was drafted by the late chairman himself. The purpose of the legislation is to make it possible to establish standards in respect of commodities which are not now provided for by any existing act of parliament, and also to prescribe the words by which the material content of any commodity shall be represented. A number of acts, such as the Food and Drugs Act, the Canada Grain Act, the Meat and Canned Foods Act, the Inspection and Sale Act, et cetera, provide for standards in respect of certain commodities, but there are many commodities which cannot be made subject to standards under any existing legislation. The Dominion Trade and Industry Commission have received suggestions for standards for a number of commodities. This is intended to give power to deal with such cases.

Motion agreed to and bill read the first time.

UNITED CHURCH OF CANADA

USE OF NAME "THE PRESBYTERIAN CHURCH IN CANADA"

Hon. W. R. MOTHERWELL (Melville) moved for leave to introduce Bill No. 57, respecting the United Church of Canada.

He said: This bill comes to us from the senate, and is founded upon a mutual agreement associated with reciprocal good fellowship between the official representatives of the United Church of Canada and corresponding representatives of that body of Presbyterians who decided to remain out of church union, as to the use of that official designation "The Presbyterian Church in Canada."

Inasmuch as both parties to this difference make some conscientious claims to some form of continuity, it was unanimously agreed, after friendly discussions, that that portion of the Presbyterian church which remained out of union, should have accorded to it the right by law to use the official term "The Presbyterian Church in Canada," without prejudice in any way to the rights, status, or powers of the United Church of Canada. This bill is designed to give effect to that reciprocal understanding.

I therefore take much pleasure in moving the first reading of this bill, seconded by the hon. member for Leeds (Mr. Stewart).

Motion agreed to and bill read the first time.

THE PRESBYTERIAN CHURCH

INCORPORATION OF THE TRUSTEE BOARD OF THE PRESBYTERIAN CHURCH IN CANADA

Mr. C. A. CAMERON (Hastings South) moved for leave to introduce Bill No. 58, to incorporate the Trustee Board of the Presbyterian Church in Canada.

Motion agreed to and bill read the first time.

GRAIN FUTURES

SUPERVISION AND REGULATION OF TRADING IN FUTURES ON WINNIPEG GRAIN EXCHANGE

Hon. W. D. EULER (Minister of Trade and Commerce) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to provide for the supervision and regulation by the Board of Grain Commissioners of trading in grain futures on the Winnipeg grain exchange in accordance with the recommendation of the royal grain inquiry commission, 1938, and the appointment of a supervisor as an officer of the board, to observe trading on the exchange and report to the board, and for the payment of his salary and expenses of the board from moneys appropriated by parliament.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

PRAIRIE FARM ASSISTANCE

PERCENTAGE DEDUCTION FROM GRAINS MARKETED IN SPRING WHEAT AREA—PROVISION FOR ACREAGE PAYMENT

Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure making provision for a percentage deduction from all grain marketed in the spring wheat area, and making available other sums required for the purposes of the proposed act; to provide assistance to farmers in emergent conditions by making provision for an acreage payment, with provision also for the appointment and assignment of officials, auditors or employees.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

COOPERATIVE WHEAT MARKETING

GUARANTEE OF INITIAL PAYMENT BY COOPERATIVE ASSOCIATIONS OR ELEVATOR COMPANIES

Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to encourage the cooperative marketing of wheat by guaranteeing the initial payment by cooperative associations, or elevator companies defined in the bill; to authorize the expenditure of sums appropriated by parliament for the purposes of this act; with provision also for the appointment and assignment of officials, auditors or employees.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

SEED AND FEED

REFUSAL OF CREDIT AND LOANS BY BANKS TO SASKATCHEWAN MUNICIPALITIES

On the orders of the day :

Mr. E. E. PERLEY (Qu'Appelle): I wish to direct to the Minister of Finance a question based on a number of reports I have received from municipalities in Saskatchewan, and particularly a letter I have received today from the reeve and secretary of one municipality. The letter is to the effect that the municipality has been refused lines of credit and further loans from the banks on the excuse that the dominion government's guarantee for the purchase of seed and feed last spring has not been carried out. The question is: Will the minister say whether the banks are right in stating as a proper excuse for not extending loans, that the guarantee has not been carried out?

Hon. CHARLES A. DUNNING (Minister of Finance): I would have preferred notice of the question because it might involve something which is not within my immediate present knowledge, but I am quite sure that the dominion has in every respect followed through with the obligation of the guarantee authorized by this house one year ago. I am quite sure there must be some misunderstanding on the part of some branch bank involving a statement of that sort. As to whether the guarantee for specific amounts has yet been executed, that is another matter, because, of course, specific amounts could not be guaranteed until they were definitely ascertained from all municipalities for every bank. But there is no doubt in the mind of any of the banks, I am quite sure, as to the obligation of the dominion with respect to its guarantee given one year ago.

[Mr. Gardiner.]

WAYS AND MEANS

CANADA-UNITED STATES TRADE AGREEMENT

The house in committee of ways and means, Mr. Sanderson, in the chair.

On schedule I:

Customs tariff—438a. Automobiles and motor vehicles of all kinds, n.o.p.; electric trackless trolley buses; chassis for all the foregoing, 17½ per cent.

Provided, that machines or other articles mounted on the foregoing, or attached thereto for purposes other than loading or unloading the vehicle, shall be valued separately and duty assessed under the tariff items regularly applicable thereto.

Mr. HEAPS: We had an important discussion on this item just before six o'clock yesterday. The question merits more consideration than it has so far received. We are all interested to know whether statements made in the chamber yesterday with respect to certain industries threatening to leave the country are correct or otherwise. Some hon. members have stated that one of the industries has decided to leave Canada. On the other hand the Minister of Finance said he was not aware of anything of that kind having occurred.

Hon. CHARLES A. DUNNING (Minister of Finance): My hon. friend is not reading my statement when he says that. The allegation in the newspaper article, which the leader of the opposition (Mr. Manion) read yesterday, was that two of the large automobile manufacturers were contemplating leaving Canada, and my reply had reference to that statement. To-day I can confirm my reply, that I have no knowledge, and the government has no knowledge whatsoever, that any of the large automobile manufacturers are contemplating closing their Canadian plants.

Mr. HEAPS: Is it true, then, that any of the smaller ones are closing their factories on account of the removal of this three per cent excise duty?

Mr. DUNNING: We have no notification that any are definitely closing.

Mr. HEAPS: Well, we had better have that statement from the minister. The question is an important one. My mind goes back to 1926, when certain reductions were made in the automobile duties under the late Mr. Robb's budget. When these reductions were announced the automobile factories closed down almost entirely, and a few days later they organized a tremendous demonstration right here in Ottawa. Many thousands of employees came here and protested against the reduction. But when no action was taken by the government the factories reopened, and I believe that the following year they did

more business than ever before in the history of the industry in Canada. In Oshawa, particularly was that true. Whether that was due to the reduction of the duty I cannot say, but the fact is although this tremendous protest was made, when the government took no action the matter blew over and the industry went on as actively as before.

I do not know what the position is now, whether they are just carrying on an agitation as they did in 1926, trying to induce the government to restore the three per cent excise tax. If I am not mistaken, all the protection that is being removed at the present time from the automobile industry is the three per cent excise tax. If I am wrong in that, I hope I shall be corrected immediately. Under the 17½ per cent duty the industry has been doing fairly well. Whether the three per cent excise now is of such vital importance to the industry I do not know. But it seems that whenever there is a reduction in duty affecting any particular industry we are bombarded with threats that if the duty is not restored the industry will be ruined. I do not take a great deal of stock in such arguments. There may be certain industries in respect of which even a three per cent difference in protection might have considerable effect, but I do not know whether the automobile industry is in that position. According to my knowledge, which is meagre, the disparity between prices of automobiles in Canada and the same machines in the United States is so great that I cannot see that a reduction of three per cent could make such a great difference to the manufacturers in Canada.

Mr. MARTIN: Do I understand the hon. gentleman to say he is opposed to the withdrawal of the three per cent excise tax?

Mr. HEAPS: I have offered no objection, because, so far as I can see, no case has been made out by the manufacturers to show that the industry would be seriously jeopardized. If I could be shown that the three per cent excise tax makes the difference between their remaining in business or closing down, I should certainly be opposed to removal of the tax. But all we have had is a number of statements and letters in general terms, nothing specific and definite. I object to these general statements which give us no clear knowledge of the situation.

Probably no hon. member of this house has taken a greater interest in the condition of the men and women employed in the industry than I have over a period of years. In 1926, when the duties were reduced, the automobile industry was doing fairly well. It was doing fairly well in 1928, and employees who had come here to protest against the reduction in the tariff were the very ones who came about that time and protested against a reduction in wages. We all remember the strike in the automobile plants at Oshawa about 1928. At that time not half as many hon. members were prepared to take the part of the employees as supported the protest the year before.

I should like the minister to state if he can what the reduction of three per cent really means to the automobile industry. We have not had a clear statement from the manufacturers or from anyone else. This three per cent excise tax has been in effect, I believe, for six or seven years?

Mr. DUNNING: Since 1931.

Mr. HEAPS: A little over seven years. Prior to that time the manufacturers were doing fairly well. I cannot see why we should always be threatened with the closing down of an industry the moment a duty is reduced. When a duty goes up, no threats are made by manufacturers, no better conditions are provided for those employed in the industry, and no greater stability of employment results. The hon. member for Essex East (Mr. Martin) last night spoke of the condition of the employees of this industry in his city. We know it is not very good. Yet I think the hon. member for Ontario (Mr. Moore) said their annual wages were the fourth highest in Canada. That may mean much or nothing. All we know is that the annual wages of those employed in the automobile industry are barely sufficient to give them a decent existence. To-day on account of improvement in industrial technique it takes a smaller number of days to produce the same number of automobiles than it did a few years ago. If that process continues we are bound to have a greater problem of unemployment to face as time goes on. No scheme of insurance or anything of the kind can take care of the part-time employee. I do not wish, however, to go into that aspect of the question now. But if it is possible to have a clear and concise statement from the minister as to what this three per cent really means, we should have it. We should not continually have these threats from the automobile manufacturers that unless the duty is kept up they will close their plants.

Mr. YOUNG: It was not my intention to say anything about this item until other hon. members made some observations. I congratulate this country upon having a government which is prepared to take part of the burden off the people in connection with this

industry. I was a member of this house some years ago and am familiar with the occasion to which the hon. member who has just sat down (Mr. Heaps) referred, when the tariff on automobiles was reduced in 1926 and we had a delegation which filled the lawn in front of the parliament buildings, consisting I believe of about 5,000 people. They had banners and all that sort of thing, and they made all kinds of threats to the people of this country and particularly to hon. members of this house as to what would be done if we dared reduce the tariff on automobiles. In fact the demonstration was so noisy that one might think the whole industry was on the verge of ruin. I remember one man in front of this building who was so violent that he put his fist as close to my face as it is safe for any man to do, and said that if we did not recognize the terrible condition to which this industry was to be brought he did not know what was going to happen.

What did we do? The tariff at that time was reduced from 35 per cent to 20 per cent on cars costing up to $1,200 and to 27½ per cent on the others. What was the result? Well, what are we hearing now? We are told that if we dare to remove even this excise tax, again the industry is going to close down, or at least some companies will have to move out of Canada. On the previous occasion no companies moved out of Canada; on the contrary they enlarged their plants, sold more cars, created more employment and the industry prospered more than it had prospered at any other time. The same thing will happen to-day. If we make it easier for people to purchase cars, more cars will be purchased.

This tariff schedule provides a rate of 17½ per cent, but let us examine how that rate of duty is applied. We have three large companies manufacturing cars in this country, the Ford Motor Company, the Chrysler Corporation and General Motors. I ask this question: does any dealer in Canada who is associated with any of these companies purchase cars made in the United States? Can he purchase any cars made by these companies in the United States and bring them into Canada? The answer is that it cannot be done. In rare cases a man in Canada might sell a car to some customer who happened to be down in the United States, but that has to be done by special arrangement. Then I would ask the further question, against whom this tariff operates. Certainly it does not operate against these three major companies, which do the vast majority of the automobile business in Canada. The tariff is listed at 17½ per cent, but as it is applied at present there is an effective rate of duty to the consumers of Canada—and that is what matters—of between 28 and 29 per cent. I challenge anyone to deny that. Anyone who does so cannot know the facts.

An hon. MEMBER: Develop that.

Mr. YOUNG: It is not hard to develop. Not one automobile company in Canada will deny it. Some of the accountants employed in the automobile industry were in my office on several occasions, and they admitted this to be the case. When I purchase a car in the United States I must pay the duty of 17½ per cent on the retail price of that car. A couple of years ago I bought in this country what I thought, and still think, was a very good car. There was a radio installed in it, and while I was in the United States the radio went out of commission. I stopped at the garage of a dealer handling the same kind of car, and immediately alongside my car on the street was a United States car of exactly the same type. On many occasions we in this house have been told that the Canadian car contains a little better material, that it is a little more substantially made in order to meet Canadian conditions. We examined the two cars, which were also examined by the mechanics, and found that the materials were identical, and I believe the workmanship was just as good in the one case as in the other. But the retail price of that car in that city was $859, while the retail price of the same car in Saskatoon, where I live, was $1,260. The differential in freight as between that city in the United States and Saskatoon amounted to $100. In other words on a car which retailed in the United States at $859, after allowing for freight I was obliged to pay a difference of something over $300. That is a pretty serious matter.

Mr. MANION: What about the sales tax, as a matter of information?

Mr. YOUNG: I have forgotten the exact figures. There was a little difference, but it was very slight.

Mr. LANDERYOU: May I ask the hon. member if there will be any reduction when this schedule is passed?

Mr. YOUNG: My hon. friend does me quite an honour if he thinks I know just what the automobile companies will do. I certainly hope we will get at least some relief, and I will go further and say that unless we do get more relief than this three per cent reduction will give us, we should go much further in reducing this tariff. The hon. member for Wood Mountain said yesterday that one of

the real difficulties was the way in which this tariff was applied, and I agree entirely. If we reduced this tariff very materially and applied the duty to the retail price, these companies would still be here, but they would not be permitted to charge the exorbitant differential they have been charging. I do not think any of us would object so very much to a tariff if the manufacturers of this country did not take full advantage of it. If you look into the matter, Mr. Chairman, you will find that the differential in the price just corresponds to the amount of protection they enjoy. As far as Saskatchewan, and in fact western Canada generally is concerned, I believe that unless we can lower the cost of production of our goods from every point of view we cannot continue to live in that country. We must get our production costs down. Tariffs mean nothing in the world to us in regard to the sale of our products, regardless of what they are. We have to compete against the world. We are going to ask; we are going to insist; we are going to demand, more than we have ever demanded in the past, that we be given at least some opportunity to get our implements of production on a basis as reasonable as it is possible to get them.

I want to give the house a little information which I obtained at the time the demonstration was staged in front of this building and the statement was made that if tariffs were reduced the whole industry would go to pot. I asked certain questions of one of the largest manufacturers of automobiles, which will become apparent from the replies:

Specific information requested in your letter of the sixteenth is submitted herewith—

(1) The original investment of the company—$125,000.

(2) Additional capital put in the company not taken out of profits—none.

(3) The dividends paid from year to year on original capital invested—

Year	Amount
1905	$ 7,488
1906	....
1907	....
1908	12,500
1909	31,250
1910	125,000
1911	125,000
1912	150,000
1913	....
1914	100,000
1915	1,100,000
1916	....
1917	350,000
1918	350,000
1919	2,450,000
1920	1,050,000
1921	2,100,000
1922	2,100,000
1923	700,000
1924	700,000
1925	1,400,000

This letter was written on March 23, 1926. In other words, a total of $12,851,238 was paid as dividends over a period of twenty years on an original capital investment of $125,000. This letter is signed by the vice president and treasurer of the company. There are the facts, over his own signature. Now I ask this question: When we are asked for more protection for the motor car industry, are we being asked to guarantee profits or dividends such as I have recited on an original investment of $125,000?

Mr. BAKER: Was that an automobile manufacturing company?

Mr. YOUNG: It is one of the big companies.

Mr. BAKER: Would the hon. member mention the name?

Mr. YOUNG: It is the Ford Motor Company. Is that a big enough company for you?

Mr. BAKER: All right—just for information.

Mr. YOUNG: Although I am not going to discuss those items, I have been reading recently something of the set-up of the companies in the textile trade. I ask myself this question, and I put it to every hon. member: Are we being asked to give protection of an undue character to all these commodities in order that dividends may be paid on completely watered stock? If that kind of thing is to be permitted to continue it will be a serious condition for this country. The producers of western Canada who are trying to live will not be permitted to live unless we have a reduction in the prices of commodities which they require in order that they may produce the commodities which they should produce.

I want to thank the government for taking off this three per cent. I want to ask them to go farther. I ask them to change the incidence of the collection of this tariff so that it will be on the retail price of the car in the United States, and so that the tariff rate will not be 17½ per cent but will be cut down to 5 or 6 or 7 per cent. That will enable the consumer in this country to get his car at a more reasonable price than he ever got it before.

I had no notion whatever of saying anything about it, but when I hear hon. gentlemen berating the government for taking off the excise tax of three per cent, and when I find that outside of the house the automobile companies and the parts industry are making the same kind of fuss—well, to my mind,

what is being done outside of this house is almost blackmail. I do not blame hon. members who receive these stories; they are reflecting that attitude. But in my humble judgment this automobile industry has had all the pap-feeding which any industry should ever have had. The sooner we get down to a better basis, the better it will be for the industry itself and for the consumers of Canada.

Mr. DEACHMAN: May we return for a moment to the original situation? We entered into negotiations with the United States for mutual benefit under a trade treaty. Our negotiators went down there, and an agreement was made about this three per cent excise tax. It is now suggested that this should be changed.

There are two alternatives open to us. One is that the negotiators should be sent back there, and that they should speak to that nice, fine, mild-voiced southern gentleman, Mr. Hull, and say, "We have two or three large United States corporations operating in Canada. We have lowered the excise tax against United States importations, and we suggest to you that you permit an amendment of this agreement so that the people of Canada may continue to exploit themselves for the benefit of two of your largest motor car companies." That is all it amounts to. These are two, strong United States companies—Canadian companies let me say, with United States stockholders—and that is the suggestion.

The other alternative, a somewhat different one, was embodied in the suggestion made yesterday by the Minister of National Revenue, when he said:

> The suggestion made to me as Minister of National Revenue is that the law respecting valuations for duty purposes is not being properly applied by the Department of National Revenue.

The hon. gentleman's ears and heart are touched by the voice of pleading from the motor companies, and he thinks that something may be done.

> All that I can say in that regard is that these representations are receiving the consideration of the Department of National Revenue at the present time. I do not think there is anything more I can add.

But may I point out this to the Minister of National Revenue. There are many far more deeply convinced protectionists who have occupied for years the position which he now occupies; and if these mighty gleaners have gone over the field seeking justification for alteration of valuations, how does my less strenuous friend think he can find it under present conditions?

[Mr. Young.]

Mr. ILSLEY: Did I understand the hon. member to say that I thought some change should be made?

Mr. DEACHMAN: I will read the paragraph.

Mr. DUNNING: The hon. member interpolated something in the middle of it; that is scarcely fair.

Mr. DEACHMAN: My hon. friend the Minister of Finance will permit me to read the full paragraph before he suggests what has been interpolated into it.

Mr. DUNNING: But there was an interpolation.

Mr. DEACHMAN: Let me read the item:

> But the suggestion that has been made to me as Minister of National Revenue—and that is probably the reason why my name is mentioned in that regard—is that the law respecting valuations for duty purposes is not being properly applied by the Department of National Revenue. All that I can say in that regard is that these representations are receiving the consideration of the Department of National Revenue at the present time. I do not think there is anything more I can add.

Mr. ILSLEY: Yes.

Mr. DEACHMAN: Yes, that is what my hon. friend said. In other words, the suggestion is that they are making a very careful investigation to see if it may not be possible to adjust this situation.

May I say this to my hon. friend and to the House of Commons: Rather a hundred times I would have it that we should go boldly to the United States and ask for an amendment than that, having entered into negotiations with those people, who understood our system of valuation, we should then turn around and change that valuation at the request of interested parties. True, there is no limitation to genius in a corner seeking to satisfy the needs of greed. But I do say that we should hesitate, and hesitate a long time, before we face that method of settlement.

Let me turn to the next item. We had a story yesterday from the hon. member for Essex East (Mr. Martin):

> I must say, and I say this in the house, that I first of all thank the Minister of National Revenue (Mr. Ilsley) for the statement he has made to-day, namely that this whole matter is receiving the consideration of the government. I want the committee to know that there could have been no more painstaking effort on the part of the Minister of Finance and on the part of the Minister of National Revenue in considering this problem, as they have done during the past two or three weeks particularly, in conference day after day with members from Essex county and other parts of Ontario and myself.

Mr. MARTIN: What is wrong with that?

Mr. DEACHMAN: Government by the house; government by party; a democracy—or what have we?

Mr. ILSLEY: Did the hon. member ever confer with me about these matters?

Mr. DEACHMAN: Yes, quite; but I did not have much of a conference, by the way.

Mr. MARTIN: Oh, oh.

Mr. DEACHMAN: But here is the situation: I point this out—my hon. friend admits it himself and I will prove it. In a speech he delivered last year to the junior chamber of commerce of Canada, in the Windsor Hotel, Montreal, he used these words:

> Another feature of political public service of the "less pleasing" type is the continuous and at times intense pressure of special interests—sectional, corporate or individual. I have often said, and now repeat, that no government can be truly efficient unless it continuously places the general interest above the particular, the national above the sectional. But it is so hard to defend the general interest, when everyone is fighting for some special interest.

So I say the minister himself admits the condition which exists. Why should anyone else attempt to deny it?

I now come to another paragraph of the hon. member for Essex East:

> In answer to the hon. member for St. Paul's (Mr. Ross) I referred to the provisions of the Customs Act. In my judgment there is within the terms of the present Customs Act an opportunity to obviate whatever harm may exist because of the removal of the three per cent excise.

What did the hon. member for Essex East mean by that sentence? He meant that within the four corners of the Customs Act there remains the power for the Minister of National Revenue to obviate or to nullify the change which had been made. All that I am pleading for to-day before this house is that if we are to change this, let us face the situation, let us admit that we are wrong; but do not change it now by a shifting of valuations when these valuations have remained fixed over a long period of years.

I ask this question. We have in Canada two or three large United States automobile manufacturing companies. We have gone through this list which I have before me, and it has not been suggested for one moment that we change the excise tax in regard to the other items; these were Canadian companies.

> But oft for our own the bitter tone,
> Though we love our own the best.

There is no reason except that the pressure upon this item is greater. And why the pressure? Pressure comes from power, and these gentlemen have the power.

I have before me the net earnings of the Ford Motor Company. In the year 1935 they were $2,109,000; 1936, $3,888,000; 1937, $4,375,000. The record of their accumulated surplus has been as follows: 1935, $17,167,000; 1936, $18,825,000; 1937, $20,939,000,—almost $21,000,000—of accumulated surplus. I shall watch with some calmness and detachment the attitude which the government takes on this particular question. But I am quite confident what the attitude of the people of Canada will be if the government of to-day decides that by some other way rather than in the regular way they give back to this corporation and other similar corporations that which they took from them by negotiation.

We heard the other day some remarkable things which I think ought to be touched upon. My hon. friend the member for Ontario told us that the farmers had a very high tariff and that that tariff had done wonders for them. Well, that high farm tariff began in 1930. Liberals have always claimed that tariffs, so far as protecting the farmers are concerned, are hopeless, useless and absurd. Within three years of the inauguration of these farm tariffs the prices of farm products in this dominion were cut in two. What did the government do? The government of that day, in 1933, raised the tariffs still further. But something happened later. The price of farm products in the past year has declined twenty-five per cent. I ask you what would have happened among the industrial leaders, what would have happened among labour men, if in that year's time the price of their products had been cut 25 per cent? Suppose the price of automobiles had been cut by twenty-five per cent, let alone three per cent, would not everything possible have been done by parliament to put prices back? Suppose wages of labour had been by some means cut in two; would there not have been a desperate effort to restore them to the normal level? But although we are frankly unable to face the problem of the decline in farm prices, we stlil continue to hold up by every power we have, or as Mr. Bennett used to say, we exhaust the resources of civilization, to hold up the prices of manufactured goods.

There is one other thing which my distinguished friend from Ontario mentioned. He said that we should support this particular industry for another reason—that it is based on something we shall need in the future. The Minister of National Defence is here

and I put this to him: If we are going to vote money for a particular purpose in a democratic parliament, should we not vote it definitely for that purpose? If you suggest that we should maintain our automobile industry by artificial means because possibly it may be necessary to us for military reasons in later years, then by all means submit a measure such as that to the house and let us consider it seriously and bravely. But I suggest that the idea that we pay more for an automobile now with the happy idea that we will get it back years later with a tank thrown in, is as great a piece of folly as could possibly be conceived.

It is suggested that the farmers of western Canada should have no objection to this. Well, the farmers of Manitoba recently presented a brief before the dominion-provincial commission in which the estimate was made that in a normal year high tariff interests took from the farmers of western Canada the sum total of $47,000,000. And what do we pay to maintain the price of wheat? The sum of $48,000,000. I suggest to the Minister of Finance that it might be helpful to short-circuit the cheque which we send to the western farmers, pass it directly to the Canadian manufacturers, and let it go at that, thus saving the expense of the present roundabout way of doing it.

It is further suggested that having established this reciprocity treaty with the United States, we should now enter into negotiations with them over another thing—and I shall relate all this to automobiles.

Mr. DUNNING: Pretty far afield.

Mr. DEACHMAN: Not at all far afield, as you will see in a moment. It has been suggested that we enter into negotiations with the United States to permit them to increase the price of coal which they ship into this country.

Mr. DUNNING: I must rise to a point of order, Mr. Chairman. If we are to have a general budget debate on this item of automobiles, my hon. friend is quite in order, but so will every hon. member be who follows him and attempts to expand in the same manner as he is now doing. I suggest to him in all seriousness that coal is not automobiles.

The CHAIRMAN: I think the point of order raised by the Minister of Finance is well taken. I would ask the hon. member for Huron North to confine his remarks to the item under discussion, which is automobiles.

Mr. DEACHMAN: Speaking to the point of order, it is rather curious, Mr. Chairman; I am dealing directly here with the threat of an increased price on coal by negotiation with the United States, which necessitates in the view of some people an increase in the duty on automobiles. The Minister of Finance does not recognize that fact, but it is true. It may seem that we have wandered far afield, but it is directly and positively connected with the point I was going to discuss—

The CHAIRMAN: I would point out to the hon. member that I have given my ruling, and I would ask him to abide by it.

Mr. DEACHMAN: I accept your ruling, Mr. Chairman. Here is the point at issue. Are we going to negotiate directly with the United States, or are we going to change this rate by indirect action? I plead with the government that in the consideration of this item they at least give the House of Commons an opportunity to decide upon it, that they do not by some indirect means alter the direct intention of those who made the treaty.

Mr. MacINNIS: This item seems to have engendered quite a lot of heat. I think this is the first time I have had occasion to say anything during the time the treaty has been debated or since the discussion of individual items in the schedules began. But as I sat here day after day listening to the debate I was struck by what must be the enormous difficulty of reconciling the various economic interests in this country. My friend from Essex East (Mr. Martin) nods his head in agreement. Yet he insists on maintaining a society in which you cannot help one person without doing harm to someone else.

Mr. MARTIN: Oh, I did not say that.

Mr. MacINNIS: I know that the hon. member did not, but his nod conveyed his approval of what I was saying, which had a direct bearing on that point.

Mr. MICHAUD: Moral—don't nod.

Mr. MacINNIS: A great many things have to be taken into consideration in regard to this matter. If by high protection at some particular time we develop a certain industry, we should not at one stroke take that protection away—I am not suggesting that that has been done—and leave the workers concerned without employment, until we do something else for them. That is my first point.

Mr. MARTIN: Hear, hear.

Mr. MacINNIS: I think that is the first thing we should take into consideration.

An hon. MEMBER: Make wheat farmers of them.

Mr. MacINNIS: We should try to take a reasonable view of economic conditions in the dominion. Possibly neither the farmers nor those of us who happen to represent industrial centres have all the right on our side. If we are to have a balanced economy, an economy in which the products of the countryside are exchanged for the products of the towns and cities we must of necessity industrialize parts of the country. Farmers cannot sell their surplus milk, butter and eggs to other farmers, because those other farmers are producing for themselves; they must dispose of those products in industrial centres. In the same way, industrialists must find in the agricultural districts a market for most of the things they produce. No one will insist that we can have complete free trade, or that we can have a tariff so high as to keep everything out of the country. We must have reasonable trading relations with other countries.

The CHAIRMAN: Order. I would ask the hon. member to confine his remarks to the item of automobiles, and not discuss the whole tariff question.

Mr. HEAPS: I protest. The hon. member is confining himself to the item under discussion.

Mr. MacINNIS: I will try to do that as far as I can. I do not think you can talk about automobile tariffs or the automobile industry without relating it to the general conditions within the country.

I have had some correspondence with representatives of employees in the automobile industry. I have a copy of a letter which was forwarded to me by the regional director of the United Automobile Workers. I should like to read it. It is addressed to C. H. Millard, in Toronto, and it is signed by Leo Grondin, chairman of Packard Shop Committee, Windsor, Ontario. It reads as follows:—

Mr. WALSH: Is that the original letter?

Mr. MacINNIS: It is a copy which Mr. Millard sent to me of Grondin's letter to him.

Mr. WALSH: There is no guarantee that the copy is an exact copy, is there?

Mr. MacINNIS: No, I cannot give any guarantee that the copy is an exact copy.

Mr. WALSH: Does the hon. member think that under the circumstances it should be read?

Mr. MacINNIS: It should or it should not?

Mr. WALSH: I think it should not be read unless the hon. member can guarantee the contents.

Mr. MacINNIS: I have been in this house for a number of years and I have never yet heard a member asked for a guarantee of anything he has read, and I know a good many who could not give any guarantees for what they have said. The letter is as follows:

Following is a report of the situation now existing in Packard Motor Company of Windsor.

The facts proving the critical situation brought about by the change in the tariff are as follows:

When a change in the Canadian content, from 50 to 40, was brought about in the latter part of 1938, the Packard Company of Canada were affected to the extent that the manufacturers decided to manufacture in Canada two jobs that had previously been imported, namely, the Super-eight and the convertible coupe.

Immediately after the announcement of the change in Canadian content, stock for these two jobs were brought into the Canadian plant in preparation for immediate production, but when the announcement of the excise tax being taken off, appeared in the papers, this stock was sent back to the American plant, and it was announced that these jobs would not be built in Canada.

Previous to the excise tax being taken off of imported automobiles, the company was seriously thinking of building or buying a larger plant, in order to increase production from 6 to possibly 30 or 40 jobs per day, which would include the new light-six which the company is putting on the market some time in July.

Now in addition to the super-eight and the convertible, they have also discontinued production of their model 120. Production on the 115, the only job now being built in Canada, will cease within the next ten days. The plans of the company after that date are rather indefinite. Rumour has it, that the plant will then close until possibly July 15, when there is a possibility that the company may start producing the new light-six. This is not definitely decided on as yet.

At six jobs per day the company employs approximately 80 men. If the increase in production had gone through, you can see what a difference it would have made in the economic situation of the border cities.

All cars discontinued in Canada are now being imported at the rate of about 20 or 25 per week.

The Packard organization have justly earned over a period of 30 years, a reputation of fair and decent treatment of their employees. Losing this company from the Canadian industry is not only an ecoonmic blow, but we will also lose an example of an amicable relationship between employer and employee that other manufacturers could well follow, with beneficial results to the industry, the employees, and the community at large.

I am not suggesting that everything stated in this letter is correct, but it is the point of view of some of the workers in that

industry. I do not know what the government should do in the matter, but I think it would be advisable to find out just what the conditions are, and if anything can be done to make things a little better for the men employed in that industry without placing the burden on others who are no better able to bear it, it should be done.

I have in my hand a summary prepared by the tariff board on reference No. 91, dated, I believe, in 1936. In the board's report of which this is a summary they make a number of recommendations and also a number of statements in regard to the automobile industry. I quote paragraph 2:

(2) In section A of chapter VIII of this report the board has listed certain factors that might have to be weighed before arriving at an appraisal of the economic "value" of the automobile industry in Canada. The figures given therein would indicate that the increase in the total amount paid by dealers in Canada for automobiles and trucks and replacement parts thereof, in 1934, to the Canadian automobile industry, in excess of the amount that they would have paid if automobiles were permitted free entry into Canada, not including freight or licences, is approximately $14,000,000. As against this amount the board has also listed, in that section of the report, the disbursements that were made in 1934 in Canada for taxes—federal, provincial and municipal—for freight to transportation systems, for wages and salaries and for expense materials and services, which are directly attributable to the existence of the automobile industry in Canada.

These disbursements were from $40,000,000 to $47,000,000.

That is considerably above the $14,000,000 mentioned above.

The board, while not accepting the above comparisons as an accurate measure of the "value" of the industry to Canada, is of the opinion nevertheless that the figure would indicate that it is "good business" for Canada reasonably to encourage the maintenance and the expansion of the Canadian automotive industry.

Further on in this summary I find another paragraph which I should like to bring to the attention of the government. Paragraph 24 reads:

In section C of chapter VIII of this report, the board indicated that the selling price in Canada of copper and lead of Canadian origin, sold to automobile and automotive parts manufacturers, is substantially higher than the price at which these same metals are being sold for export by the Canadian producers.

In the reports on references 23, 25 and 40, the board drew the attention of his majesty's government in Canada to this situation, and the board is still of the opinion that the price structure in Canada indicates clearly that the Canadian producers are taking advantage of duties imposed under the customs tariff act to increase the price of such goods to the Canadian consumer.

[Mr. MacInnis.]

In view of that I submit that it is not enough for the government either to raise or to lower the tariff. It must take more control over the tariff and of industry itself and insist that when concessions are made to any industry those concessions shall be passed on to the consumers of Canada and to the employees. So that there is a great deal more to this question than we can settle in a debate in this house. I do not think that we are quite fitted for that sort of thing, although I am convinced that this is the proper place in which to bring these matters to the attention of the government. In my opinion the government should take this question into consideration, and see, as always must be done if good government is intended, that all sections of the community are given equal protection. And when I say protection I do not mean an increase in the tariff.

Mr. MARTIN: The committee will pardon me for again taking part in this debate, but hon. members will appreciate that this problem is one of immediate concern to me, representing a constituency in which the automobile industry predominates. While it concerns many other members of the house, I feel, in view of the inevitable absence of some of them, I may be permitted again to make a few observations.

I must observe in the first place that when the hon. member for Huron North (Mr. Deachman) pontificates I usually enjoy it. However, when he pontificates to the extent of conveying the impression that he is making a complete and adequate statement, I not only resent it but I think it calls for an answer. I am accused of having dared to confer with the Minister of National Revenue with respect to a problem which vitally concerns not only those who have a definite financial interest in the automobile industry, but also, and more particularly, the thousands of men and women whose very livelihood depends upon the continuance in Canada of that industry. These latter are my primary concern.

The member for Huron North constantly purports to speak in the name of the consumer. Let me tell him in no uncertain terms that he is not the only one who speaks in the name of the consumer. The working man is as much a consumer as any of the constituents of the hon. member for Huron North, and if it is a crime for me to have conferred with the minister and to have brought to his attention this important question, then I am guilty of a crime and I do not believe that in doing so I was doing anything that was contrary to the spirit of parliament. In the conferences which the hon.

member for Huron North has had since he was a member of parliament, not only conferences conducted on behalf of his constituents but other conferences never disclosed in full, he too, then, was guilty of a crime. Does he mean to say that all the time he appeared before the tariff board he was doing something that was contrary to the spirit of the parliamentary method? Of course, we see the absurdity of the remark and why it was made.

Mr. DEACHMAN: On a point of order, surely it is not wrong or contrary to the spirit of democracy that I should have taken the place that a lawyer might take in a court of law. I did not make the law. The law was there, and I appeared.

Mr. MARTIN: That was not a point of order, but I allowed the hon. gentleman to go on. I pointed out inadequately last night, and I must point out more adequately to-day, that this is not a matter that concerns simply the automobile industry. The hon. member for Vancouver East (Mr. MacInnis) has properly put his finger on the whole issue, and I congratulate him. It is a problem that concerns not only the automobile industry but a great many cities in Canada. It concerns my own city of Windsor in the province of Ontario. It concerns the riding from which the Minister of Labour comes; it concerns the riding from which the whip of this party comes; it concerns the cities of Toronto, Brantford, Woodstock, Oshawa, Whitby, Montreal, Quebec, Sherbrooke, Regina, Winnipeg, Vancouver, and many others that I could name. It affects thousands of working men directly employed in the automobile industry and in subsidiary and kindred industries. If this industry were seriously affected—

Mr. HOMUTH: Why don't you say something for other industries?

Mr. MARTIN: Give me time and I will express myself about other industries.

Mr. DUNNING: Not on this item.

Mr. MARTIN: Not on this item, no. To show the importance of this industry, if anything happened that would seriously prejudice its operations, it would put out of work not only thousands of men in my own city but 400 men in Sarnia, and so in every city and town I have mentioned, besides others that I have not. The interdependence of secondary industry generally and the automobile industry is very extensive; it is more extensive than in any other primary or secondary industry.

These are days when we are not only concerned about international affairs but are trying to give our people an opportunity to make a living. I say this, I hope not too emotionally, and I trust that every hon. member will consider me sincere when I make the statement that the automobile industry has helped to build my own city and it has helped to build communities around that city and in other parts of Canada.

Mr. LANDERYOU: At the expense of the west.

Mr. MARTIN: A member of the Social Credit party says, at the expense of the west. Well, I thought I had covered that last night. I am speaking now as vigorously and as sincerely as I can for humble men and women by the thousands who find themselves constantly faced with the spectre of insecurity, unemployment and insufficient means of livelihood. That is why I am primarily interested in bringing this question for the second time before the committee. As the hon. member for Vancouver East has said, this whole question in our day has to be considered differently from the way it was considered fifteen years ago; I fully agree with that. The task of government—of this government—is to afford protection to those who have large financial interest in industry, and at the same time to balance that as far as possible with some guarantee of security for those employed in industry.

Mr. MacNICOL: As the Bennett government did.

Mr. MARTIN: I am prepared to agree that if a concession of any sort is to be made to secondary industry, secondary industry itself must be prepared to make some sacrifice in taking greater care of its employees. Surely the tariff board is the logical body to consider this matter. As I said last night, after my election I attended the hearings of the tariff board for two and a half months and listened to a detailed inquiry about a matter on which one cannot speak dogmatically unless one has given extensive study to it. Hon. members who have spoken against this particular proposal have done so sincerely, I know; but I venture to suggest that none of them has taken the pains to go into the figures and to consider all the economic aspects of the problem as the tariff board has done.

Mr. HEAPS: Can the hon. member tell me exactly what the three per cent really means to the automobile industry?

Mr. MARTIN: Yes, I shall come to that; I am grateful for that question.

I assume this government believes in the principle of allowing the tariff board to serve as a research medium for advising the government on these important matters. I hope I am not overstating the case when I say that in the first budget brought down in the present parliament the Minister of Finance acted upon the recommendations of the tariff board. Thereby he gave assurance to secondary industry generally, not only to the stockholders but particularly to the workers as well, that we intend to act only after careful examination of all the facts.

Mr. MacNICOL: But they are acting without it in this matter.

Mr. MARTIN: The hon. member for Vancouver East referred to the tariff board report. I venture to suggest that the tariff board—and I say this without knowing their view, except that I have examined the same circumstances as they have—will regard as a serious matter to this industry any curtailment of the present level of protection, not alone because they want to protect that particular industry but because they realize the dislocation that will come to our whole economic life.

Mr. LANDERYOU: Better join the Conservatives.

Mr. MacNICOL: He is talking Conservative doctrine.

Mr. MARTIN: I believe the people of this country are sick and tired of the conflict between political parties over meaningless things like tariffs. There are more fundamental issues than tariffs.

Mr. BLACKMORE: Now the hon. member is talking!

Mr. MARTIN: Anyone looking at the economy of this country and of the world to-day knows very well that a system of protection within measure for the purpose of protecting industry is indispensable. And the people will soon grow tired of politicians—

The CHAIRMAN: Order. I would ask the hon. member to confine himself to the item before the committee.

Some hon. MEMBERS: Let him finish.

Mr. MARTIN: This is an important matter to the area from which I come. There have been no threats as suggested by the hon. member for Winnipeg North (Mr. Heaps). The mayor of my own city sits in the gallery to-day; he is here just as the Postmaster General (Mr. McLarty) and the hon. member for Essex South (Mr. Clark) are here, and others all vitally concerned in this problem, from the point of view particularly of men whose livelihood depends on the course this parliament takes.

Mr. MacNICOL: The Postmaster General has not said a word yet.

Mr. MARTIN: He is able to answer for himself. I am happy to think that his knowledge will not be lost to us. There have been no threats, I assure hon. members. The fact is that one company is now about to leave. I hope no hon. member will ask that company's name; I do not want to advertise my city to its disadvantage. Three companies have left. That is the situation.

Mr. HEAPS: Can the hon. member give the names?

Mr. MARTIN: I asked hon. members not to ask for them, for the reason I mentioned.

Mr. McLEAN (Melfort): If these three companies have already left, it is no secret, and I think the hon. member should give the information.

Mr. MARTIN: Well, I do not intend to give it. I hope the hon. member is prepared to accept my statement.

Mr. DUNNING: My hon. friend might state when they left.

Mr. MARTIN: Yes, that is a proper question.

Mr. HEAPS: Can the hon. member say how many people were involved?

Mr. MARTIN: The working population affected was not as great as in the case of the so-called big three.

Mr. YOUNG: How much business did they do in Canada?

Mr. MARTIN: They did enough business to employ several hundred men in one case, ninety in another and five hundred in another.

Mr. MacNICOL: And they were going to increase the size of their plant.

Mr. DUNNING: When did they leave?

Mr. MARTIN: The questions are coming so fast that I cannot answer them all.

Mr. DUNNING: The question when they left is very important.

Mr. MARTIN: One of them left a few months after 1935-36. One of them left while my hon. friends opposite were in power. Another left about a year and a half ago.

Mr. HEAPS: Then it had nothing to do with this treaty.

Mr. YOUNG: Does my hon. friend suggest that this three per cent reduction in excise tax had anything to do with it?

Mr. MARTIN: It had everything to do with it. The fact is, and we might as well realize it, that a number of these companies of United States parentage would like to be able to make cars for the Canadian market outside of this country, and our job, I take it, looking at this question not from an emotional or sectional point of view, is to do all we can to see that they stay here.

Mr. STEVENS: Would the hon. member be good enough to say what he suggests might be done under item 438a to offset the damage to which he has referred?

Mr. MARTIN: That is a perfectly fair question, I answered it last night, but I will do so again. The treaty is a *fait accompli;* we cannot change that, but other measures to which I referred yesterday could be utilized,—

Mr. HOMUTH: Look out for Huron North (Mr. Deachman).

Mr. MARTIN: Well, I have to take that chance—to provide the compensation which is necessary. The Customs Act affords those opportunities. I do not suppose I need go into the various provisions concerned, but they are there. I hope that resorting to those measures will serve the necessary purpose.

In conclusion let me say—and I hope I shall not be accused of repetition, because I feel this keenly; it means everything, not to the stockholders, not to the presidents of these companies, but to humble men and women who have flocked from all parts of the country into the automobile manufacturing centres—let me say that this government would be remiss in its duty if it overlooked that circumstance. To do so would not only add to the insecurity and the economic plight of working men and women, but would seriously affect the economy of Canada. I have every faith that the government, alive to this problem, alive to the conditions in the Canadian economy at the moment, is not going to give in to sectional grumblings but is going to look at this problem in a large way, in the light in which the hon. member for Vancouver East presented it to-day. I do say the government should give this matter consideration, as I know it is doing, with the view of not only giving the industry the stability it requires in reference to its continuation but also of giving to the thousands of people engaged in this industry, if necessary through enabling legislation, a guarantee that in return for concessions given the protection and security of the workingmen may be safeguarded.

Mr. LANDERYOU: I am indeed disturbed because of the fact that conditions are as stated by the hon. member who has just spoken (Mr. Martin) in regard to the manufacture of automobiles. Why is it that the prosperity of one section of Canada must be secured at the expense of another? After all, these people should be engaged in meeting the needs and requirements of all Canada in regard to automobiles and motor vehicles of all kinds. I should like to ask the Minister of Finance just how many automobiles and other motor vehicles coming under item 438a have been purchased during each of the last five years in British Columbia, in Alberta, in Manitoba and in Saskatchewan?

Mr. DUNNING: I have not that information by provinces. I can give my hon. friend the whole Canadian consumption, of course, but I do not have it divided into provinces.

Mr. LANDERYOU: I will tell the minister why I asked for that information with regard to western Canada in particular.

Mr. DUNNING: I doubt if the statistics exist in that form.

Mr. LANDERYOU: I asked for the information in that form in order to impress upon the hon. member who just spoke the fact that I agree with him that the workers in the automobile plants of eastern Canada are consumers; but their power of consumption is limited by the amount of income they receive. I ask the hon. member and the committee this question: Just what do these workers in the industries he has mentioned purchase from western Canada? I cannot think of anything amounting to much that is produced in western Canada and purchased by the workers in these plants manufacturing automobiles. The agricultural production of the east is sufficient to meet their requirements; practically all our industries are in eastern Canada, and it is a well known fact that the west is suffering from the disequilibrium that exists as between the prices of manufactured goods produced in eastern Canada and the prices of primary products produced in western Canada.

Mr. MacNICOL: Would the hon. member give us credit for pegging the price of wheat?

Mr. DUNNING: I have here some figures which will at least partly meet the requirements of my hon. friend from Calgary. I have before me a statement of retail sales

taken from the automobile statistics for Canada for 1937 as prepared by the Dominion Bureau of Statistics. The answers will not precisely meet my hon. friend's questions, in that they deal with the total retail sales, which of course would include sales of imported automobiles as well as sales of Canadian made machines. Broadly speaking, however, I think if one said that in connection with these figures eighty per cent would represent Canadian production, he would not be very far out.

Mr. LANDERYOU: Do the figures include automobiles, trucks, tractors and so on?

Mr. DUNNING: These are the sales of new motor vehicles. I have not inquired as to whether trucks are classified as motor vehicles, but I am inclined to think all motor vehicles are included here. I will confirm that later. The figures are as follows:

Maritime provinces	$13,000,000
Quebec	31,000,000
Ontario	69,000,000
Manitoba and Saskatchewan	15,600,000
Alberta	9,000,000
British Columbia	11,500,000

That is an approximation of the retail value of sales of new vehicles.

Mr. SENN: For what year?

Mr. DUNNING: 1937.

Mr. BARBER: Would that include the cost of transportation?

Mr. DUNNING: The retail value, I presume, would include everything up to the time of the ultimate purchase.

Mr. LANDERYOU: On each of these purchases in western Canada we have to pay from $200 to $400 more than we would have to pay if there were no duty or tariff on these automobiles, trucks and so on.

Mr. ISNOR: You are no worse off than the maritimes.

Mr. LANDERYOU: I would not disagree with that; it may be equally true as far as the maritimes are concerned, but the point is that eastern Canada—that is Ontario and Quebec, where most of the industries are located—requires very little in the way of commodities from either western Canada or the maritimes. We always purchase at least three times as much from Ontario and Quebec as they purchase from us. I listened to the hon. member for Essex East pleading for support for the automobile industry. Why should I not plead for support from the workers of Ontario and Quebec in regard to coal and things of that nature?

Mr. MARTIN: Why not?

[Mr. Dunning.]

Mr. LANDERYOU: That is the point.

Mr. MANION: We have a subsidy on coal now.

Mr. LANDERYOU: What is the result? We bring in $30,000,000 or $35,000,000 worth of coal from the United States.

The CHAIRMAN: Order. I must remind the hon. member that he should confine his remarks to this item, which deals with automobiles.

Mr. LANDERYOU: I am just making a comparison between the assistance given the manufacturers of automobiles and the assistance in connection with other commodities. There are very many men engaged in the manufacture and distribution of automobiles. They could spend many of the millions of dollars which they receive from western Canada back in western Canada, but what do they do with that money?

Mr. McCANN: Pay fifty per cent of it as a bonus on your wheat.

Mr. LANDERYOU: Oh, no. Year after year millions and millions of dollars have flowed into the east because of our tariff, and now, for the first time as far as I know, the government has bonused the farmers of western Canada. I suppose we will never hear the last of it.

Mr. MARTIN: The first time?

Mr. LANDERYOU: What I suggest to my hon. friend is that he should also recommend to the government that the purchasing power which flows into the hands of those who produce automobiles in eastern Canada should be expended to a larger degree on commodities produced in other sections of Canada. That was the point I wished to make. According to the figures given by the Minister of Finance the benefits derived by the automobile industry of eastern Canada, due to these tariffs, amount to many millions of dollars a year. If we had the figures for the last twenty or thirty years I believe in connection with that one industry alone the cost to western Canada would be shown to be many millions of dollars more than has ever been spent in subsidies on wheat.

Mr. HEAPS: I would still like to find out what the three per cent excise duty means as far as the industry is concerned.

Mr. YOUNG: It is a benefit.

Mr. HEAPS: As yet I have not heard what it means. I should like to understand this matter a little more clearly. If my understanding of the prices of cars is reasonably

correct, a low priced car in the United States would sell for about $700 at the factory. Perhaps the Minister of National Revenue can elucidate that point. If the figure I have given is correct, the excise duty would be about $21 for such a car. On a car priced at about $800 or $900 it would be $27. I want to know whether $21 or $27 per car is really the difference between closing down a plant in this country and keeping it in existence. If the figures we have had up to now are to be believed, on a low priced car in this country the differential is about $200.

An hon. MEMBER: More than that.

Mr. HEAPS: I give the lower figure of $200. I want to know if $21 per car is going to mean the difference between keeping a plant open and closing it. Then, would the minister give us definite information with respect to wages in the Canadian and United States automobile industries?

Mr. MARTIN: So far as the annual income is concerned, not enough.

Mr. HEAPS: No, not the annual income; I am referring to the hourly rate of pay. In the United States, where they have a higher ratio of production and a greater mass production than we have in Canada, the unit cost of producing a car might be slightly lower than it is in Canada.

Mr. MARTIN: So the tariff board found.

Mr. HEAPS: The extent of that lower cost in the United States, I cannot say, because I have not gone into the question to the extent to which the hon. member for Essex East and other hon. members have inquired into it. But if my information is correct, that the hourly pay of men employed in the automobile industry in Canada is lower than that in the United States, then the lower rate of wages paid in Canada should more than offset any advantage the United States manufacturer has in the way of greater mass production. I do not know whether those figures are available, but if they are I should like the Minister of Finance or the Minister of National Revenue to give them to the committee.

Mr. PERLEY: This is a very important item, and I have found it interesting to listen to the arguments which have been made. One of the matters with which we in western Canada are concerned is the spread between the prices of United States and Canadian cars. The figures put on record this afternoon by the hon. member for Saskatoon are startling, and surely give food for thought. The farmer wants fair protection, and we realize that labour wants protection. Everyone appreciates the value of labour employed in the east so far as a market for western Canada's products is concerned. The important point for the government to consider is how the tax or tariff applies. We want cheaper cars. To my mind the Canadian car is good enough for any Canadian but the government should see to it that under the tariff the industry should not be allowed to exploit the Canadian consumer or purchaser of cars. That is an important point which I believe the government should consider. I agree with much that has been said this afternoon in some parts of the house. However the item will no doubt pass as it now appears, and I shall not detain the committee further.

Mr. McLEAN (Melfort): The item under discussion is not a tariff item; it is simply a matter of the remission of taxation. I am amazed to find so many hon. members urging that the tax be kept on at the rate which has been in effect for some years past. Parliament used to be called and is still called to grant supply to the crown. But only on extremely rare occasions has parliament insisted that the crown should take from its people more than the crown had asked for. That is what several hon. members have been doing to-day.

The plea is made that this is done on behalf of workers employed in the industry. There is something in the plea that the tax should be retained in order to maintain employment, and if that contention could be fully established there might be some excuse for acting on the suggestion—although I notice nothing is said about the consumer, who has to pay the tax, by hon. members who make the plea on behalf of the workers in the industry. The consumers who buy cars and who have been paying this tax are not from one section of Canada alone; they are from every section from coast to coast—every city and every town. I venture to say no news would be more welcome to the residents of the county of Essex and other parts of industrial Ontario than the announcement that cars were now to be manufactured and sold at prices commensurate with those in effect across the boundary line.

Reference has been made to the reduction in the tariff on automobiles made effective in 1926. The people in the industrial area referred to benefited most from the reduction, because they were in a better position to purchase cars than those in lesser paid industries. There is some merit perhaps in the claim for consideration on behalf of the workers, but when I find the sponsor of the

automobile industry and one who opposes the remission of this tax saying that even in normal times, and assuming this period of economic crisis had passed, unemployment in the automotive industry is to a great extent inevitable, I say that the value is taken out of the argument so far as employment is concerned. If my memory is correct—and I am speaking from memory alone—I heard another opponent of the tax remission say yesterday that employment conditions in the automobile industry are terrible. If that is so, after this industry has advanced so greatly, after it has paid so much in dividends and extensions—if employment conditions in that industry are so terrible that the people of Canada generally must continue to contribute this three and a half per cent by way of a levy which was imposed in the guise of an excise tax, then it is high time to reconsider our whole attitude towards this industry.

I do not know whether these claims are correct, but I believe the leading Canadian motor car manufacturing company would not leave this country, no matter what we did in the way of taxation or tariff adjustment. Because we have it on the very best authority in the world, the authority of the man whose name is attached to the industry and whose brains and genius have built it up, that cars could be and have been manufactured in Canada more efficiently than in the United States. That was the condition at the time he made that statement. When a factory gets beyond a certain size it becomes more expensive to operate. Then, there is the further reason: Labour in Canada was slightly more dependable and capable than it was across the river in that big city in which the bulk of his manufacturing plant is located. I am satisfied that company would stay, regardless of what we did, and that fully as many men would be employed in the automobile industry in Canada, even if one or two companies did leave the country. I say that because those who remained would pick up the business.

Everyone who has studied the matter is aware that one of the troubles in the automobile industry is seasonal unemployment. The industry is trying to get away from it. At times they have been working double and even treble shifts. By lengthening out the manufacturing year, by trying to continue employment over a longer part of the year than previously, they are now improving employment conditions. I have been advised and I believe that by building additions to their plants in the way of storage facilities, and by bringing out their models earlier in the fall, at least some of the larger companies are trying to meet the unemployment problem. But if the lowest paid man in this industry in Canada is receiving seventy-five cents an hour, no matter what work he does, and those employed by the month earn approximately as much, then, having regard to the earnings of the purchasers of the automobile produced, the workers are not suffering from low wages. It is true that they do suffer from broken time—but the purchasers of those cars, too, are suffering from broken time.

Mr. HEAPS: How could they purchase cars if they are suffering from broken time?

Mr. McLEAN (Melfort): How does anyone purchase a car? Does the hon. member mean to tell me that the average automobile purchaser in Canada, the working men and women who have cars, have no broken time? Surely he does not want to tell me either, that they earn more than seventy-five cents an hour on an average.

Mr. HEAPS: The average workman cannot afford to buy a car.

Mr. McLEAN (Melfort): The average worker of any kind perhaps cannot afford to buy a car, but if a man earning seventy-five cents an hour cannot afford to buy a car, how can the average farmer or fisherman or lumber worker or city or rural labourer, whether skilled or unskilled, afford to buy one?

Mr. HEAPS: They cannot.

Mr. McLEAN (Melfort): What we should be doing in this house is by every means in our power, to bring about conditions which would permit of cars being sold at such a price that everybody who wishes to buy a car shall be able to do so, if he is willing to give labour and service in return therefor. And this is one step towards that end which I think my hon. friend from Winnipeg North should welcome, so as to enable the people in his constituency to get cars if they can afford to buy them and run them. Much has been done along this line, and everybody appreciates the action of the government in reducing the import charges on this article. More should be done, but this is a step in the right direction. A reduction which in effect amounts to from 3½ to 4 per cent should certainly be welcomed, and not be objected to as some hon. members are objecting.

Mr. STEVENS: May I ask the minister one or two questions relating directly to this item? In figuring the value for duty of a

car, is not the list price of the car taken and a certain discount or allowance made, and if so, what is the present discount allowed?

Mr. ILSLEY: I am afraid I cannot give the present discount for each make of car. But the customs authorities have to ascertain the fair home market value of the car, which is the price at which the factory sells the car in the United States. Systems of sale vary. I am informed that the Ford company, for instance, in the United States, sells cars direct to dealers, and therefore the value for duty of a Ford car when imported, if such a thing should take place—it does not as a matter of fact—would be the price to the dealer in the United States. That would not be the list price, but the list price less between 20 and 25 per cent. With another company which exports quite a number of cars to this country, sales do not take place to dealers in the United States but to distributors, who in turn distribute them among the dealers. There the discount is higher than the ordinary dealer discount. It would vary with the type of car, but perhaps might run somewhere between 25 and 30 per cent. In the case of importation of that make of car by a distributor, the value for duty would be the price charged the distributor in the United States. Other companies have methods of distribution which are not as simple as the two I have mentioned. There are companies which sell cars to distributors at a dealer price and give a further discount, called an over-riding discount, at the end of the season on the cars that have been sold, but they do not allow that discount on cars unsold. In that case we say that the value for duty for an importer here must correspond to the price paid by a similar purchaser in the country of origin. These are the general principles upon which the value for duty purposes is determined.

Mr. STEVENS: I know it is very complicated, and the minister has given an excellent exposition of the different rates of discount, but may I ask this further question: Have these rates of discount remained fixed, shall I say, over a number of years?

Mr. ILSLEY: I think they vary from time to time, but there has not been much change in the situation.

Mr. STEVENS: I was speaking of the principle. The principle has not changed as far as the Canadian customs is concerned?

Mr. ILSLEY: It has not changed at all on cars.

Mr. STEVENS: One other question, and I imagine this would be for the Minister of Finance. Under the treaty we bind certain rates. Do we also undertake not to change the method of computing the duty paid value as just described by the Minister of National Revenue?

Mr. DUNNING: Perhaps I should read the article of the agreement which has a bearing on that question. We do not undertake to abandon our own sovereignty in any way, and my hon. friend would not intend to imply that. Article XI of the treaty I think answers his question. It reads:

> In respect of articles the growth, produce or manufacture of the United States of America enumerated and described in schedule I, imported into Canada, and of articles the growth, produce or manufacture of Canada enumerated and described in schedule II, imported into the United States of America, on which ad valorem rates of duty, or duties based upon or regulated in any manner by value, are or may be assessed, the general principles on which dutiable value is determined in each of the importing countries on the day of the signature of this agreement shall not be altered so as to impair the value of any of the concessions provided for in this agreement.

My hon. friend knows how difficult it is to tie down the application of a general principle to a new condition which sometimes comes about, but we are not expecting any difficulty in that regard.

Mr. STEVENS: Would the minister say that the article which he has just read would preclude the Canadian government from making any variation or adjustment of the rates of discount in order to meet lower rates of duty?

Mr. DUNNING: Obviously not for that purpose. But in connection with the application of the general principle which has been in effect in Canada, the Minister of National Revenue, of course, has the duty imposed upon him under the statute of applying that principle, and applying it fairly to each particular case. As to whether there might be any change in that regard I could not say at all. Quite frankly in connection with the whole question of discounts there is a very great deal of difficulty, and there is of course this to be said, that in connection with many sections of our customs laws, as my hon. friend knows, parties who may consider themselves aggrieved have the right of appeal to the tariff board against the minister's decision. That again enters into the question, as covered by article XI, of the general application of the principles of customs administration.

Mr. STEVENS: Then I take it that the government feels that it is perfectly free to change the rates of discount if it so desires, right across the board, shall I say?

Mr. ILSLEY: I do not think the government is free to change the rates just for the sake of effecting a particular purpose desired by somebody who wants more protection, for example, but I think the government is not tied down to a particular interpretation of the act in the future if it is determined by competent authority that that interpretation is not in accordance with the law. When we agreed in the trade agreement not to vary the general principles of our customs administration, we did not agree to continue to do things demonstrated to be illegal. We agreed not to alter the structure of our act or in any way to change it. When I was speaking yesterday I said that representations had been made to the effect that in certain particulars we were acting illegally at the present time. Those representations, I said, were receiving consideration by the department. There must not be the slightest suspicion of making an alteration of an interpretation to fit a particular situation: it must be a bona fide correction of an illegal situation.

Mr. STEVENS: The minister is quite clear in his explanation, but would he just clarify this point? In what way, is it suggested, has the department been acting in an illegal manner?

Mr. ILSLEY: It has been submitted that in the case of one or more of the companies the department permitted discounts which did not appear on the invoices, I think in the country of origin—I am not just sure about that. But it has been argued that in one definite particular with regard to two importers we have violated the clear terms of the act.

Mr. STEVENS: Was that to the advantage of the importer?

Mr. ILSLEY: Yes.

Mr. STEVENS: And to the detriment of the treasury?

Mr. ILSLEY: Yes.

Mr. STEVENS: And now it is suggested that might be rectified?

Mr. ILSLEY: Yes.

Mr. STEVENS: Which would raise the rate of duty in that particular instance?

Mr. EULER: Not the rate.

Mr. ILSLEY: Raise the amount of the duty paid. That submission has been made on purely legal grounds, not on grounds of policy or anything else.

Mr. STEVENS: Well, that is "pure."

[Mr. Stevens.]

Mr. MANION: I was going to ask a little later a question which does not deal particularly with this item, but as this raises a general principle I can ask the question as well on this item as on any other. Perhaps I should have raised the point when the lumber item was being discussed, but the question is general rather than in reference to that particular item. We remember that a few months after the treaty of 1935 a lumber marking act was put into effect in the United States. I am not dealing particularly with that; later the provision was removed in accordance with this agreement.

Mr. MACKENZIE (Vancouver): On the first of September last. It was in effect for only a few weeks.

Mr. DUNNING: The leader of the opposition is wrong in one particular. The act was in being, but it had not been enforced against Canada until the time my hon. friend mentions.

Mr. MANION: Well, it was in force against Canada for a few months.

Mr. MACKENZIE (Vancouver): One month.

Mr. MANION: It is not with that I wish to deal particularly. I wish to ask just this question. Since the United States government at that time put into effect a lumber marking act, which was effective against Canada and was said to damage very much exports of Canadian lumber to the United States, is there anything in this agreement which will prevent the United States government from applying the same principle against automobiles, if you like? That is why I feel I can ask the question on this item. Is there anything to prevent them from carrying out the same idea in some other way against Canada? In other words, is there any understanding between the Canadian and the United States governments that in the future, in view of this agreement, there will be no possibility of the United States government circumventing the treaty by some such regulation as the lumber marking act?

Mr. DUNNING: To answer that specific question before I go on to make a few general remarks, which I have been trying to do, article IX specifies:

> Sawed lumber and timbers, telephone, trolley, electric-light, and telegraph poles of wood, and bundles of shingles, the growth, produce or manufacture of Canada, imported into the United States of America, shall not be required to be marked to indicate their origin in any case where the imported article is of the same class or kind as articles which were imported

into the United States of America in substantial quantities during the five-year period immediately preceding January 1, 1937, and were not required during such period to be marked to indicate their origin.

That indicates that with respect to marking we are protected on those articles. I gather that my hon. friend intended also to ask the question in its general application.

Mr. MANION: That is exactly what I wanted.

Mr. DUNNING: In that connection I previously read article XI. I need not read the preamble. The effective part is:

. . . on which ad valorem rates of duty, or duties based upon or regulated in any manner by value, are or may be assessed, the general principles on which dutiable value is determined in each of the importing countries on the day of the signature of this agreement shall not be altered so as to impair the value of any of the concessions provided for in this agreement.

There is that general undertaking.

Mr. MANION: Yes, that is true. But I think the words were "dutiable value." After all, the lumber marking act was not a question of changing the dutiable value or anything of that sort. It was a regulation—

Mr. DUNNING: Yes.

Mr. MANION: —altogether outside the customs tariff. Obviously, it was put into effect for the purpose of lessening importations of lumber from Canada. I should like to know if there is anything in this agreement whereby any other regulation, having perhaps nothing to do with the customs tariff but being akin to it, could be prevented from being put into force. I think my hon. friend understands my question.

Mr. DUNNING: Yes, I understand that. Obviously, the matter was one of discussion frequently, and every effort was made to cover it with sufficient exactitude. I would call my hon. friend's attention to articles VI and VII. My officers point out that article VI relates to the United States and article VII relates to Canada. But each, of course, is designed to have the same effect. Perhaps I had better read the one relating to Canada, because it would answer the question more directly.

Articles the growth, produce or manufacture of Canada enumerated and described in schedule II annexed to this agreement shall, on their importation into the United States of America, be exempt from ordinary customs duties in excess of those set forth and provided for in the said schedule, subject to the conditions therein set out. The said articles shall also be exempt from all other duties, taxes, fees, charges, or exactions imposed on or in connection with importation, in excess of those imposed on the day of the signature of this agreement or required to be imposed thereafter under laws of the United States of America in force on the day of the signature of this agreement.

And so forth. Well, now, there is the other class of regulatory measures which might be considered to have a prohibitive effect.

Mr. MANION: Yes, and not covered by that; having to do, for instance, with public health.

Mr. DUNNING: Article X reads.

No prohibition, restriction or any form of quantitative regulation, whether or not operated in connection with an agency of centralized control, shall be imposed or maintained in Canada on the importation or sale of any article the growth, produce or manufacture of the United States of America enumerated and described in schedule I, or in the United States of America on the importation or sale of any article the growth, produce or manufacture of Canada enumerated and described in schedule II, except as otherwise expressly provided in the said schedules.

There are the exceptions with regard to quantitative regulations. There is a long detail there which I do not think would help. The important words are "prohibition," "quantitative regulation" and "restriction." The provision is pretty general in its terms, and of course applies equally to both countries.

Mr. MANION: Yes. The word "restriction" gets closer to the principle about which I have been trying to ask.

Mr. DUNNING: It does not cover marking.

Mr. MANION: At the same time I am afraid no clause that the Minister of Finance has read would cover the situation with regard to the marking act.

Mr. DUNNING: You had to have a separate section.

Mr. MANION: Is there any other section that might possibly cover such a regulation?

Mr. DUNNING: Both countries have marking acts and they are applied. But the difficulty, of course, was particularly great in connection with lumber and wood products, and it was for that reason that we secured exemption from any application or enforcement of the United States marking act during the life of the treaty. I have a few words which I should like to say—

Mr. MANION: I do not wish to interrupt the minister, but since we are dealing with that question I think we should dispose of it. I hope it would be considered a breach of the

whole spirit of the agreement if such a regulation on any product of either country were put into effect as was the marking act on lumber. I consider that was a breach of the spirit of the 1935 agreement, and what I am trying to make clear in the discussion, although it is too late to put it into the agreement, is that it should be understood between the two countries that, without any reference whatever to the rate of duty or to valuation or anything of that sort, any departure from the regulations which would serve as a means whereby the United States could keep out our products would be regarded as a breach of the whole spirit of the agreement. That is what I should like to think is in the mind of the government, although apparently it is not in any provision distinctly set out.

Mr. DUNNING: We think we have covered everything that is known. My hon. friend is suggesting protection against something we do not now know of.

Mr. MANION: Such as the marking act as applied to lumber.

Mr. DUNNING: Article XV provides:

2. The government of each country will accord sympathetic consideration to, and when requested will afford adequate opportunity for consultation regarding, such representations as the other government may make with respect to the operation of customs laws and regulations, quantitative restrictions on imports or the administration thereof, the observance of customs formalities, and the application of sanitary laws and regulations for the protection of human, animal or plant health or life.

3. In the event that the government of either country makes representations to the government of the other country in respect of the application of any sanitary law or regulation for the protection of human, animal or plant health or life, and if there is disagreement with respect thereto, a committee of technical experts on which each government will be represented shall, on the request of either government, be established to consider the matter and to submit recommendations to the two governments.

The marking act, of course, is the one thing which, as a result of the immediately preceding experience, was prominent in our minds, and that is why it is specially dealt with. It must be remembered that the United States marking act applies to commodities from any country, and the United States treasury department ruled that it would have to apply to lumber. It was applied, and we immediately protested, as my hon. friend knows. Both countries are quite free to apply their marking acts, and if either of them deems any particular regulation of any kind to be against the spirit of the agreement it can invoke article XV.

[Mr. Manion.]

To come back to automobiles, the discussion has been quite nonpartisan—ninety-nine per cent so, I think. Members on all sides of the house have spoken, taking varied views.

Mr. MANION: Our party just listened.

Mr. DUNNING: No; we had one or two speeches the other day, and one to-day, from the Conservative party. That indicates that this question cuts directly across parties. It is one of those questions that are of greatest difficulty, inherent in the nature of this country itself. Every government has found difficulty with it, and I assume every government will for some time to come.

May I say at the outset that to answer specific questions, such as those asked by the hon. member for Winnipeg North (Mr. Heaps), would be difficult because he insists on asking about an automobile, whereas no one can answer a question with respect to an automobile unless he knows a number of other things—for instance, how many automobiles are produced in a particular year, in a particular plant. I mention that for this reason. If you had a Canadian tariff sufficiently high to enable the manufacturer of 1,000 automobiles a year to pay decent wages and a reasonably low interest on his investment, you would have a duty on a comparable car high enough to enable the so-called Big Three to make profits altogether out of reason. That is our difficulty. The hon. member for Essex East (Mr. Martin) told the committee quite properly that three small manufacturers had left Canada. He also told the committee that no one of these three left Canada in consequence of this treaty, because they were gone before the treaty was negotiated.

The annual production in Canada, which had been attained by at least two of the three concerns to which my hon. friend refers, could not possibly have enabled them to make money on their Canadian enterprise considered as a separate entity. One Ford car turned out in a plant would cost millions of dollars, but millions of Ford cars can be produced at a very few hundred dollars each. There is the nub of the problem so far as Canada is concerned.

I am under no apprehension whatever that either Ford, Chrysler or General Motors, who have made and are making between eighty and ninety per cent of the Canadian car production, will pull out of Canada, to use a common phrase. I go further and say I believe that those corporations, while they are controlled by foreign capital—

Mr. MARTIN: Two of them.

Mr. DUNNING: Two of them; the third, Ford, probably is controlled by Canadian capital.

Mr. MARTIN: No question of it.

Mr. DUNNING: But even those that are controlled by foreign capital have a sufficient sense of the value of their Canadian market, and their export markets from Canada, that they will not lightly take any arbitrary "pull-up stakes" attitude. I have reason to know that the attitude of these corporations in respect of public relations is such as to prohibit any such arbitrary action, for the best reason in the world, apart altogether from moral grounds, namely, that a great international corporation does not lightly give a slap in the face to a whole people. I believe that the three great producers of automobiles will carry on. But I say to this committee as sincerely as I can, that I can see no way of erecting a tariff structure which will be fair to Canadian consumers and at the same time will allow profitable operation of a company which is going to make only a thousand or two thousand cars a year. It just cannot be done. Economy to the consumer is brought about by the production in one plant of a great number of standardized units.

Having said that, may I say I found something to agree with in what everyone has said on this subject, and also something to disagree with. I would say to my hon. friend the member for Saskatoon (Mr. Young), one of my oldest friends in this house, that it is very easy to create misconceptions and misunderstandings by quoting such figures as he quoted respecting the original capitalization of the Ford plant in Canada and its dividend history down through the years.

Mr. GRAY: He did not bring it up to date.

Mr. DUNNING: Apart altogether from bringing it up to date. The factor which from my point of view requires to be stated is the one upon which has been erected the great bulk of our industrial development; that is the ploughing back into an industry of its earnings instead of distributing them in the form of cash dividends.

Mr. YOUNG: Does the Minister of Finance suggest even remotely that the figures I quoted are not entirely accurate?

Mr. DUNNING: Not for a moment, but I say that the mere statement of those figures is not an accurate representation of the situation, particularly when it is associated with the term "watered stock." There is such a thing as watered stock, but does anyone suggest that the ploughing back of earnings into industry for the creation of more capital goods which in turn produce more units of product is watered stock?

Some hon. MEMBERS: No.

Mr. YOUNG: I suggest that it is undue profit, made possible by a very high tariff.

Mr. DUNNING: As to that opinions may differ, as to the extent to which the building up of the great Ford enterprise has been on account of tariff protection and the extent to which it is a result of mechanical genius allied to mass production and mass selling methods. For my part I do not believe it would ever have been possible to produce cars as cheap as they are at the present time if Henry Ford had not ploughed back the profits into that institution and thus build up its capital structure and its physical equipment to the point they have reached to-day. Watered stock, to my mind, is stock which is issued without having any real physical value back of it. I distinguish clearly between watered stock and the practice on which some of our great industries have been built up of ploughing back legitimate earnings into further physical plant and productive equipment.

As far as this item is concerned, anyone listening to the discussions in this house, no matter in what year, must realize how difficult the question is of balancing as far as possible the interest of producers and consumers of this very important facility in Canada. The government have done the best they could, in the light of the information which they had, in the proposal which is now before the committee. That proposal is to bind the duty, that it shall not increase during the term of the agreement; and further, inasmuch as this is one of the items mentioned in the treaty, to undertake to propose to the Canadian House of Commons at a convenient opportunity after the passage of the treaty itself that the excise tax in connection with automobiles shall be repealed. The government gave to this matter grave and serious consideration. I have tried to express in a broad way the considerations which brought them to the decision which is now before the committee. I do not think I can add anything more. I believe that what are called the Big Three will continue to function in Canada to the fullest extent rendered possible by Canada's demand for motor cars and the opportunities for export from Canada, which are not by any means small. And I believe that the Canadian consumers will benefit.

On the questions addressed by the hon. member for Kootenay East (Mr. Stevens) to the Minister of National Revenue (Mr. Ilsley), I am sure that no one knows better than the hon. member for Kootenay East, because of his long experience in government and particularly in connection with matters of trade and industry, how difficult it is to administer any customs law, particularly because everybody is interested in a purely selfish manner when dealing with that department. Everybody, whether importer on the one hand or producer in Canada on the other, is trying to invent some means whereby whatever is done shall be turned to their individual or corporate advantage. To state positively what could be done with respect to a particular theoretical condition is all but impossible, for every day new methods are invented to beat the customs. There is an old saying that the safe maker is never more than two jumps ahead of the burglar, and I think that is true with respect to the administration of the Department of National Revenue. Eternal vigilance is the price of safety as far as that department is concerned.

Mr. LANDERYOU: Can the minister tell us what the protection to the motor vehicle industries has cost western Canada, or Canada as a whole?

Mr. DUNNING: It is quite impossible.

Mr. LANDERYOU: That is a very important matter. I understand we ship a considerable number of automobiles to New Zealand; is that not right?

Mr. DUNNING: Yes.

Mr. LANDERYOU: We ship them under an agreement which allows them to send to Canada some of the goods that are produced in New Zealand, and what do we find? We ship automobiles to New Zealand at the expense of the sheep raising industry of western Canada. In exchange for those automobiles we brought into this country, wool, mutton, butter and other agricultural products at the expense of agriculture in Canada.

The minister says he cannot give us the effect of this protection on the various sections of Canada. Two or three years ago I purchased an automobile, and last year I purchased another. I live in western Canada, and I had to pay over $200 more in each case than I would have had to pay if there had been no protection. I ask myself where this $200 goes. Are we paying the workers in our factories more than is paid the workers in the factories of the United States? I find the answer is that we are not paying them more. This extra amount is going to increase the profits and reserves of these companies, and I protest against giving protection to these industries unless similar concessions are given the industries of western Canada. The situation might be different if, as the purchaser of an automobile in western Canada, I were sure that at least a fair proportion of the money I sent east would be used to purchase commodities produced in the west instead of similar commodities imported from the United States, particularly the coal that is purchased by those employed in the industry under discussion. It is true, as the leader of the opposition has said, that we have subsidized the shipment of coal—

The CHAIRMAN: Order. Once again I would ask the hon. member to confine his remarks to automobiles.

Mr. LANDERYOU: I am trying to follow the money that we send east when we purchase automobiles or other motor vehicles. I have followed the money we send to the United States for the purchase of coal, and I suggest to the government that protection be given the coal industry of Canada. If you want to sell more automobiles in western Canada—

The CHAIRMAN: Order.

Mr. LANDERYOU: I am talking about automobiles.

The CHAIRMAN: No; the hon. member is discussing the question of coal, and in doing so he is out of order.

Mr. LANDERYOU: Then I will say this. The minister stated that by mass production the cost of automobiles could be brought down, and that it was difficult for a new company to start the manufacture of motor vehicles in Canada because of the mass production carried on in the United States. If you wish to increase the production and sale of automobiles in Canada the best way to do it is by increasing the purchasing power of those who may buy automobiles in this country; and I suggest that the best way to increase the purchasing power of the people of western Canada so that they may buy automobiles is to assure them of a market in eastern Canada for the coal that can be produced in the west. If more of this money that we send east for the purchase of automobiles, trucks and tractors were diverted back to the west, there would be more purchasing power in the west to help this industry.

Mr. HEAPS: I should like to ask the Minister of National Revenue whether, when the excise duty is added to the cost of a car being imported into Canada, that duty is calculated on the price including the sales

tax. If a car is valued at $1,000 on entering Canada, the sales tax has to be paid in addition to that. Is the excise duty added to the sales tax, or is it taken just on the cost of the car?

Mr. ILSLEY: On the duty paid value of the car, without sales tax.

Mr. ESLING: Take the case of a dealer who is called upon to fill an order at the end of the season. Rather than send east for a carload of automobiles he finds it to his advantage to order a car from across the line. Is there any justification for making that dealer pay the duty and sales tax on the freight? That is a matter which seems to be causing some controversy in the west.

Mr. ILSLEY: The duty would be reckoned on the value of the car at the point of shipment to Canada. So I assume that would include the freight from the factory in the eastern United States to the point of shipment to Canada.

Mr. PELLETIER: A few moments ago the Minister of Finance said he saw no objection to $10,000,000 in dividends being paid on an investment of $125,000. I wonder if he would clarify that statement.

Mr. DUNNING: No, Mr. Chairman; I never said any such thing, and my hon. friend well knows it.

Mr. YOUNG: I now have in my hand the letter which I received from the company to which I referred some time ago. The first question asked was with regard to the original investment in the company, and the answer was $125,000. The second question was as to the additional capital put into the company, not taken out of profits, and the answer was that there was none. Then I asked as to the dividends paid, and the answer contained the figures I have already placed upon *Hansard*. I should like to point out that in addition to the dividends which were paid, there must have been a tremendous amount of money turned back into the industry. I have not that figure here, but I want to make it quite clear that what I read were the dividends paid. In addition, there must have been a tremendous sum of money ploughed back into the industry. With regard to watered stock, I have in my hand the record from the *Hansard* office, and it was in connection with the textile industry that I made the remark concerning watered stock. If anyone wants to know anything about watered stock, he can find out from the textile industry.

The CHAIRMAN: Order.

Item agreed to.

Customs tariff—438g. Motor cycles or side cars therefor, and complete parts of the foregoing: 17½ per cent.

Item agreed to.

Customs tariff—439c. Farm wagons, farm sleds, logging wagons, logging sleds, and complete parts thereof: 15 per cent.

Item agreed to.

Customs tariff—ex 440g. Diesel and semi-diesel engines, of a class or kind not made in Canada, and complete parts thereof, for use exclusively in the construction or equipment of ships or vessels: free.

Item agreed to.

Customs tariff—440j. Trawls, trawling spoons, fly hooks, sinkers, swivels, sportsmen's fishing reels, bait, hooks, and fishing tackle, n.o.p.: 20 per cent.

Item agreed to.

Customs tariff—440 l:

(i) Aircraft, not including engines, under regulations prescribed by the minister: 20 per cent.

(ii) Complete parts of aircraft, not including parts of aircraft engines: 15 per cent.

Item agreed to.

Customs tariff—440m. Engines and complete parts thereof, when imported for use only in the equipment of aircraft: 17½ per cent.

Item agreed to.

Customs tariff—440n. Complete parts for repair of engines enumerated in tariff item 440m: 10 per cent.

Item agreed to.

Customs tariff—441e. Guns and rifles of a class or kind not made in Canada: 15 per cent.

Item agreed to.

Customs tariff—442. Articles which enter into the cost of manufacture of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409k, 409o and 439c, when imported by manufacturers for use exclusively in the manufacture in their own factories of the goods enumerated in the aforesaid tariff items, under regulations prescribed by the minister: 5 per cent.

Provided that goods which are entitled to free entry or to a lower rate of duty than is mentioned in this item shall not be entered at the rate specified in this item.

Item agreed to.

Customs tariff—442a. Notwithstanding the provisions of the preceding item, materials or commodities as hereunder defined or described, when imported by manufacturers for use exclusively in the manufacture, in their own factories, of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, 409p and 439c, under regulations prescribed by the minister:

(1) Pig iron: per ton $1.

(2) Bars or rods, of iron or steel, hot rolled: per ton $2.75.

Item agreed to.

Customs tariff—443. Apparatus designed for cooking or for heating buildings:

(1) For coal or wood, 25 per cent.
(2) For gas, 25 per cent.
(3) For electricity, 25 per cent.
(4) For oil, 25 per cent.
(5) N.o.p., 25 per cent.

Item agreed to.

Customs tariff—445. Electric light fixtures and appliances, n.o.p., and complete parts thereof: 27½ per cent.

Item agreed to.

Customs tariff—445a. Electric head, side and tail lights, n.o.p.; electric torches or flashlights and complete parts therefor: 27½ per cent.

Item agreed to.

Customs tariff—445c:

(i) Electric telegraph apparatus and complete parts thereof: 25 per cent.
(ii) Electric telephone apparatus and complete parts thereof: 25 per cent.

Item agreed to.

Customs tariff—445f. Electric dynamos or generators and transformers, and complete parts thereof, n.o.p.: 25 per cent.

Item agreed to.

Customs tariff—445g. Electric motors, and complete parts thereof, n.o.p.: 25 per cent.

Item agreed to.

Customs tariff—445k. Electric apparatus and complete parts thereof, n.o.p.: 25 per cent.

Item agreed to.

Customs tariff—445n. Electrical instruments and apparatus of precision of a class or kind not made in Canada, viz.: meters or gauges for indicating and/or recording altitude, amperes, comparisons, capacity, density, depth, distance, electrolysis, flux, froce, frequency, humidity, inductance, liquid levels, ohms, operation, power factor, pressure, space, speed, stress, synchronism, temperature, time, volts, volume, watts; complete parts thereof: 17½ per cent.

Item agreed to.

Customs tariff—446a. Manufactures, articles or wares, of iron or steel or of which iron or steel or both are the component materials of chief value, n.o.p.: 25 per cent.

Customs tariff—ex 446a. Metal shells and hinges, for use in manufacturing jewellery boxes and spectacle cases, not further finished than shaped: 12½ per cent.

Customs tariff—ex 446a. Tools of iron or steel, for use in machines, n.o.p., of a class or kind not made in Canada: 10 per cent.

Customs tariff—ex 446a. Welding rods or welding wires of rust, acid or heat resisting steel, whether or not flux-coated: 15 per cent.

Customs tariff—ex 446a. Locomotive beds or frames of steel, cast in one piece; tender frames of steel, cast in one piece; cast steel cradles for the rear ends of locomotive frames; cast steel truck frames and bolsters for engines, tenders and passenger coaches; platform castings for passenger coaches; all the foregoing, whether in the rough or semi-manufactured, for use on railway rolling stock: 7½ per cent.

Mr. MacNICOL: In bringing in certain lines of tools, I understand that parts are made in Canada and other parts are imported. Under the item in reference to tools I suppose the whole tool will come in at the 10 per cent rate. I was wondering if, for duty purposes, when the tool is imported, the department could not separate the parts made in Canada from those not made in Canada.

Mr. ILSLEY: I shall take that suggestion into consideration. It is the point which was raised yesterday by the hon. member. I am expecting a communication from him setting out the particulars of the machine he was talking about yesterday.

Mr. MacNICOL: May I include this item, too?

Mr. ILSLEY: Yes; I wish the hon. member would.

Items agreed to.

Customs tariff—446c. Golf shafts of seamless steel, coated or not, but not chromium plated: 15 per cent.

Item agreed to.

Customs tariff—446g. Electric welding apparatus, not including motors: 20 per cent.

Item agreed to.

Customs tariff—447a. Sand cast rolls and chilled cast iron rolls, for use exclusively in rolling iron or steel, or in manufacturing paper: free.

Item agreed to.

Customs tariff—451. Buckles, clasps, eyelets, hooks and eyes, dome, snap or other fasteners of iron, steel, brass or other metal, coated or not, n.o.p. (not being jewellery): 27½ per cent.

Item agreed to.

Customs tariff—454; ex 446a. Frames not more than ten inches in width, clasps and fasteners (not to include slide or hookless fasteners), when imported by manufacturers of purses, chatelaine bags or reticules for use exclusively in the manufacture of purses, chatelaine bags or reticules, in their own factories, under regulations prescribed by the minister; parts of the foregoing: 12½ per cent.

Item agreed to.

Customs tariff—462. (i) Philosophical, photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.: complete parts of all the foregoing: 17½ per cent.

Item agreed to.

Customs tariff—462. (ii) Cameras and complete parts thereof, n.o.p.: 20 per cent.

Item agreed to.

Customs tariff—462b; ex 462. Cinematograph and motion picture cameras, 35 mm., for use by professional motion picture producers having studios in Canada equipped for motion picture production; parts of the foregoing: 10 per cent.

Item agreed to.

Customs tariff—466; ex 711; ex 756. Iron sand and iron or steel shot, not further manufactured than crushed or ground, and dry putty, for sawing, polishing, pressure blasting or tumbling purposes: free.

Item agreed to.

Customs tariff—471a. Pressed steel belt pulleys for power transmission, and finished or unfinished parts thereof, including interchangeable bushings: 20 per cent.

Item agreed to.

Customs tariff—476. Surgical and dental instruments of any material; surgical needles; X-ray apparatus; microscopes valued at not less than 50 dollars each, retail; complete parts of all the foregoing: free.

Item agreed to.

Customs tariff—500. Logs and round unmanufactured timber, handle, heading, stave and shingle bolts, n.o.p.; firewood, hop poles, fence posts and railway ties: free.

Mr. BROOKS: It seems to me that to import railway ties into Canada is like carrying coals to Newcastle. In my native province many operators are anxious to supply railway ties to the railway companies, and are producing many thousands of those ties. I have understood that both railway companies have been over-supplied for a number of years. What quantity of railway ties is imported from the United States, and are any exported from Canada to that country?

Mr. DUNNING: Importations vary. They run from $200,000 to $400,000 worth a year, from the United States. I notice that our exports to the United States vary, running from a value of $100,000 to $155,000 a year. I imagine it is probably a matter of location, in each case.

Mr. BROOKS: What is the duty against ties going into the United States?

Mr. DUNNING: To make my previous answer complete, I should say that fir ties to the value of $700,000 must be added to the item I gave, and would be included in the exports to the United States. Then, to answer the hon. member's question, may I say that they are free of duty both ways.

Item agreed to.

Customs tariff—502. Mexican saddle trees and stirrups of wood, tree nails; hub, last, wagon, oar and gun blocks, and all like blocks or sticks, rough hewn, or sawn only; felloes of hickory or oak, not further manufactured than rough sawn or bent to shape; staves of oak, sawn, split or cut, not further manufactured than listed or jointed; shingles of wood; spokes of hickory or oak, not further manufactured than rough turned, and not tenoned, mitred or sized, and scale board for cheese: free.

Item agreed to.

Customs tariff—503. Planks, boards, clapboards, laths, plain pickets and other timber or lumber of wood, not further manufactured than sawn or split, whether creosoted, vulcanized, or treated by any other preserving process, or not: free.

Item agreed to.

Customs tariff—504. Planks, boards and other lumber of wood, sawn, split or cut, and dressed on one side only, but not further manufactured: free.

Mr. GREEN: Would the minister give the figures on importations under items 503, 504 and 505 for 1937 and 1938?

Mr. DUNNING: With respect to item 503, which deals with lumber and timber creosoted or not, I am afraid I shall have to give the information in one figure covering items 503, 504 and 505.

Mr. GREEN: Is no separate record kept with respect to dressed lumber?

Mr. DUNNING: I could give my hon. friend a list running from white ash, and going through every variety. These woods are itemized by variety, but not according to their respective tariff items. The total figure I shall now give includes lumber and timber, creosoted or not, under item 503; lumber dressed on one side only under item 540, and lumber dressed on one or both sides under item 505. Our imports under those items last year from the United States were valued at $4,300,000. Our total exports to the United States were valued at $14,178,000. Those are the figures, apart from Douglas fir.

Mr. SLAGHT: Have the exports from Ontario been separated in connection with this item?

Mr. DUNNING: I have not the figures separated by provinces.

Item agreed to.

Customs tariff—505. Sawn boards, planks and deals planed or dressed on one or both sides, when the edges thereof are jointed or tongued and grooved, n.o.p.: 10 per cent.

Mr. GREEN: That is the item on which the tariff has been cut in half?

Mr. DUNNING: Yes.

Mr. GREEN: The minister has no separate figures under it?

Mr. DUNNING: I have no separate figures. I have the separate figures by varieties of lumber, but not by tariff items. They are lumped together in our statistics of imports.

Mr. STIRLING: What is the duty into the United States under item 505?

Mr. DUNNING: If under item 505 the lumber were fir, pine, spruce, hemlock, or larch, it would be fifty cents per thousand feet. Other varieties are free. Of course, as was stated last night when the Minister of Trade and Commerce (Mr. Euler) was dealing with schedule II, at the present time in both cases there is in addition the United States revenue tax of $1.50.

Item agreed to.

Customs tariff—505a. Hardwood flooring, tongued and/or grooved, or jointed, viz.: beech, birch, maple and oak: 17½ per cent.

Item agreed to.

Customs tariff—506. Manufactures of wood, n.o.p.: 20 per cent.

Item agreed to.

Customs tariff—ex 506. Shingles of cedar, creosoted, vulcanized or otherwise processed or treated: free.

Mr. GREEN: I notice that item 506 is in two parts; what are the importations under the second part dealing with creosoted shingles?

Mr. DUNNING: That is a new item created in the agreement, so that so far as the past is concerned it is not separately reported. It was part of another item.

Mr. GREEN: What was the total figure for the whole item before?

Mr. DUNNING: I wonder if the hon. member would permit us to proceed with the understanding that I shall have that information looked up. In view of the fact that it is a new item, I have not the information before me. However, I shall get it for him.

Mr. CLARKE (Rosedale): I notice that in this item we reduced the duty from 25 per cent to 20 per cent, and that we are now reducing it from 20 per cent to free. The item deals with shingles of cedar, creosoted, vulcanized or otherwise processed or treated. I am not familiar with the term "vulcanized." It would seem to me that a considerable amount of labour is involved in these processes, and the drop in the rate from 20 per cent may mean a great deal. Would the minister give an explanation?

[Mr. Dunning.]

Mr. DUNNING: The item to which my hon. friend refers is, of course, a very small factor compared with shingles generally. No class of importers in Canada is more pleased with the treaty than the shingle manufacturers, and I think they have every reason so to be.

It is represented to me that the particular type of creosoted and vulcanized shingle to which he refers quite often results from the export of Canadian shingles to the United States for this form of processing, after which they are reshipped to Canada; but that trade is quite small, and as a matter of fact this processing is commencing in Canada.

Mr. CLARKE (Rosedale): That is just the point I wished to make, that we now ship our raw product to the United States.

Mr. DUNNING: Shingles is not a raw product.

Mr. CLARKE (Rosedale): Partly so in this case because the processing is done in the United States, and the shingles are then shipped back to Canada free. That is my point.

Mr. DUNNING: Perhaps the answer I can now give to the hon. member for Vancouver South (Mr. Green) may constitute an answer to the hon. member for Rosedale also. As I indicated a few moments ago, I cannot split the new item, but I can give the committee how much we imported under the old item, which comprised all shingles. For last year our imports amounted to $6,200 of all kinds of shingles, including these creosoted ones, and in the same year we exported to the United States $6,500,000 worth.

Mr. GREEN: I think that figure must be wrong because in the appendix to the United States press release it shows United States exports to Canada amounting to over $1,000,000.

Mr. DUNNING: I think it must be mixed up with some other factors.

Mr. GREEN: The figure I mentioned is given on page 96 of the United States press release, under item 506.

Mr. DUNNING: Oh, that is their omnibus item, including all manufactures of wood.

Mr. STEVENS: If the hon. member for Vancouver South will look at page 18, he will find that we exported shingles of wood to the United States to the amount of $5,567,000.

Mr. GREEN: I think the Minister of Finance is wrong. We imported quite a lot of shingles from the United States; I am sure more than $6,000 worth.

Mr. DUNNING: The United States figures are lumped together and cover two items.

Mr. GREEN: So does our item.

Mr. DUNNING: I want to be accurate. I have the figures under item 502; our total imports—and all of them came from the United States—of shingles of wood were $1,000 in 1936; $4,000 in 1937, and $6,200 in 1938. Those are the figures from our own bureau of statistics, and I am going to stand by the accuracy of our bureau.

Mr. GREEN: Would that include the creosoted shingles?

Mr. DUNNING: It includes all, because there was no division of the item until the division created by this agreement.

Mr. MARSHALL: Would the minister explain why the rate of duty under the new agreement on shingles from the United States is free, while the rate under the British preferential tariff is 17½ per cent?

Mr. DUNNING: Britain is a most favoured nation, and therefore any goods coming in under that item come in free from Britain.

Mr. GREEN: They do not make any shingles in Great Britain.

Mr. DUNNING: No, it is a theoretical item, but my hon. friend's question was quite a proper one. It is purely a paper item because shingles are not produced in Great Britain.

Item agreed to.

Customs tariff—507a. Single-ply, sliced or rotary-cut veneers of wood, n.o.p., not over five-sixteenths of an inch in thickness, not taped nor jointed: 20 per cent.

Item agreed to.

Customs tariff—507c. Plywood made of two or more layers of veneer or lumber of wood, glued or cemented together, but not further manufactured: 22½ per cent.

Mr. GREEN: What were the importations last year? This is one item on which it does seem Canada went a little far in making concessions.

Mr. DUNNING: The importations of plywood from the United States last year amounted to $124,000. Our exports are included with veneers; we exported $25,000 worth of veneers generally to the United States. Our big customer for that class of item is the United Kingdom with over $1,000,000 worth last year.

Item agreed to.

Customs tariff—509. Vulcanized fibre, kartavert, indurated fibre, and like material, and manufactures of, n.o.p.: 17½ per cent.

Item agreed to.

Customs tariff—511b. Fishing rods: 25 per cent.

Item agreed to.

Customs tariff—ex 518. Bagatelle and other game tables or boards: 27½ per cent.

Item agreed to.

Customs tariff—519. House, office, cabinet or store furniture and parts thereof (not to include forgings, castings and stampings of metal, in the rough):
(i) Substantially of wood: 32½ per cent.
(ii) Other than of wood: 27½ per cent.

An hon. MEMBER: What were the imports of all woods from the United States last year, and our exports?

Mr. DUNNING: I must separate them. I will give furniture of wood first. From the United States last year we imported $819,000 worth of furniture of wood, and $471,000 worth of furniture of metal. Our total exports, distributed thinly over a number of countries, of which the United States took $30,000 worth, were furniture of wood, $205,000, and furniture of metal, $153,000.

Mr. MacNICOL: Do the figures the minister has just given include imports under the $100 exemption?

Mr. DUNNING: No, they do not.

Mr. MacNICOL: A great deal must come in that way too.

Item agreed to.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 45, for the relief of Gertrude Saul Baker.—Mr. Walsh.

Bill No. 46, for the relief of Mary Frances Todd Lister Cardwell.—Mr. Heaps.

Bill No. 47, for the relief of Herbert John Butler.—Mr. Walsh.

Bill No. 48, for the relief of Anna Lasnier Blain.—Mr. Tomlinson.

Bill No. 49, for the relief of Annie March Breakey Coburn.—Mr. Macdonald (Brantford City).

Bill No. 50, for the relief of Mabel Gertrude Marks Lamoureux.—Mr. Factor.

Bill No. 51, for the relief of Earl Keith Drennan.—Mr. Bercovitch.

Bill No. 52, for the relief of Per Ernst Martinsson.—Mr. Thompson.

POST OFFICE ACT

AMENDMENT TO PROHIBIT THE SENDING THROUGH THE MAILS OF COMMUNISTIC LITERATURE

The house resumed from Tuesday, February 21, consideration of the motion of Mr. Wilfrid Lacroix (Quebec-Montmorency) for the second reading of Bill No. 4, to amend the Post Office Act.

Mr. WILFRID GARIÉPY (Three Rivers): I rise to say a few words in support of this bill. It relates to liberty, and as we all know, abuse of liberty brings licence, and licence invites restraint. The spread of communism, as described by the mover of the bill, reveals an appalling situation. It is a menace to our civilization; it is a plague; it is the product of diseased minds; it is something destructive of the social order and our political and religious institutions; it conduces to revolution.

Communism is defined in the bill in a manner which is clearly understandable by any of the members of this house. Its effects are obvious. The other day the attorney general of Ontario announced, I am informed, that conditions are becoming so bad in this province that an investigation is to be started to discover the sources of this evil. I am told that in Toronto are at least forty so-called schools organized under this and that name, clubs of one kind and another, groups which behind closed doors receive instructions, all leading to the same object, always with the same results in view. The sponsors of these schools not only talk to these people but also have newspapers published in different languages, disseminating their doctrine, distilling it drop by drop and sending it throughout the country, preparing people's minds for the evil day. When it will come we do not know. But this represents a constant effort to destroy the present order and bring in a new order of things.

In my province the Duplessis government enacted a statute which has been adversely appreciated and much criticized outside our boundaries. I have studied the comments of the various newspapers in the province of Quebec, and I find that criticism is very light; approval is general, and after two years the effects of this law are good. It may be proper to mention that the premier of Quebec himself is possibly too much mentioned in connection with this law. It is true that he was the father of it; but it was unanimously adopted by the Quebec legislature; both parties supported it, and in that house there are members of different creeds and races. English, Scotch, Irish, Hebrews, all joined hands. Quebec is the only province which

now has a second chamber. Its legislative council is composed of eighteen Liberals and six so-called Conservatives, or twenty-four in all. The twenty-four unanimously approved this law, notwithstanding their differences in politics, race and religion. So it is the law of the province; it represents the voice of our people. But the effect of this law is defeated when it comes to the press, because daily from Toronto there are pouring into the province of Quebec, and the rest of Canada for that matter, newspapers upholding the communist doctrine, threatening our institutions and everything which is dear to us.

What shall we do? It is evident that the postal regulations are not sufficient. They are not applied. This is not the fault of the minister or of his officials, possibly not the fault of the regulations, except that they do not go far enough. The law is not sufficiently clear. What was said by the mover of this bill warrants, to my mind, the conclusion that something should be done to give more powers under the law to the Postmaster General (Mr. McLarty). I do not want to discuss the legal opinion of the Minister of Justice (Mr. Lapointe). I bow to his wisdom. But statutes are always difficult to interpret. It is a privilege of lawyers to differ. Often judges do not agree. Courts are not always in agreement with each other. The Supreme Court of Canada and the privy council have often not seen eye to eye. I look at this regulation 205 of the Post Office Department, which states:

> It is forbidden to post for delivery or transmission by or through the post any obscene or immoral book, pamphlet . . . or other publication, matter or thing, of an indecent, immoral, seditious, disloyal or scurrilous character.

That is the regulation. That is as far as it goes. Does it cover the ordinary communist paper? The minister, as reported at page 1183 of *Hansard* said:

> In short, anything that is subversive, seditious, that advocates the use of force for the purpose of bringing about any change in the government of Canada, is already prohibited under the regulations of the Post Office Department.

Quite so. We do not need these regulations when force is advocated. That is an offence under the general law of the land, under the criminal code. But these newspapers of which I speak do not advocate force. If one takes any number by itself, its contents are not subversive of society. The papers give their poison drop by drop. It is a series of small events leading to a conclusion. It is the construction of a building. They build

stone by stone, piece by piece. No one newspaper can be condemned under these regulations. The only part of the post office law under which something can be done in so far as mailable matter is concerned is section 7, paragraph (d), which reads:

> The Postmaster General may . . . make regulations declaring what shall and what shall not be deemed to be mailable matter for the purposes of this act.

"Mailable matter." This does not refer to the contents, to the ideas, to the writings themselves. It relates to the outside, because the section continues:

> . . . and for restricting within reasonable limits the weight and dimensions of letters and packets and other articles sent by post.

But the section does not stop there. Year after year, according to needs, changes have been made by means of additions, and we find, always under the same paragraph (d) of section 7, that the Postmaster General may prohibit the sending of matter of an obscene or immoral nature. That is one clause. It does not cover the case of a communist newspaper. The next is prohibitive of matter which would "tend to injuriously affect the commercial or social standing of the persons" to whom it is sent. That is another addition. If it is not expressed in explicit terms, no regulation of the postal department can cover this case. The third addition has to do with illegal lotteries; the fourth deals with devices for the purpose of obtaining money under false pretences. Those four points are included in order to give additional powers to the Postmaster General. It is clear to me that the law officer who prepared this bill, in making his notes, grasped the point, because he says:

> The purpose of this amendment is to enlarge the powers of the Postmaster General as to the making of regulations. At present, the Postmaster General may prohibit the sending of obscene or immoral publications. It is intended in this bill that he should also have the power to prohibit and prevent the sending of communistic literature.

That is the request, and I submit with all due respect that it should be granted. This is a necessary bill. It merely gives power to the Postmaster General to prohibit the sending of communistic literature. If, in the judgment of the Postmaster General or of the government, it is not necessary or judicious that there should be any regulation it need not be adopted. I say, however, that a move should be made in the direction proposed in this bill. Detection is out of the question. The bill will not entail any particular labour or expense. It merely creates an offence which in course of time may be detected.

These remarks are offered in good faith for the consideration of the house, and I trust that the bill will receive favourable consideration. We speak of national unity, we speak of the flag, we speak of our heritage, we resort to arms to defend our borders. Let us start to-day to defend the hearts and minds of our people. This communistic doctrine has no right to exist under the Canadian flag; it has no right to be protected by the institutions of our country.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I think the last speaker (Mr. Gariépy) has given us one of the strongest reasons why this bill should be defeated. He says that the law as it now stands helps to defeat the purpose of the padlock law of Quebec. I have again and again spoken in this house against that padlock act. I believe it is depriving the people of the province of Quebec of their freedom. I believe it is an invasion of the field which, under the British North America Act, has been left to this parliament, that is the field of criminal jurisdiction, and for that reason alone I would be bound to protest and to vote against the bill before the house.

To those who have been in this house for any length of time I do not need to say that I am not a communist. The group I represent have a philosophy that is somewhat different from that of either the Liberal or the Conservative party, but it certainly is not the philosophy of the communist party. At the same time I think it right that we in this country should preserve the liberties of every section of the people of Canada. If the communist party commit any overt act, of course the law should be invoked, and they should be punished. But if it is just a matter of opinion, then they have just as much right to their views as anyone else. That has been my understanding of British free speech. They should have perfect liberty to propagate their ideas so long as those ideas do not lead to subversive acts.

Surely we have gone far enough now in the history of modern communism to get away from the idea that everything done in the name of communism is necessarily wrong. Russia is a well-established country, and according to recent information Great Britain and France are likely to enter into some sort of defensive alliance with her. At any rate, you cannot sweep away a great population and an established order such as exists in

Russia. They have accomplished a great deal in that great country. I do not like their authoritarian principles at all; in fact, I am inclined to think the later rulers of Russia have rather betrayed the idealistic principles advocated at the beginning of the revolution. I do not like bringing about reforms by physical revolution, but I am not dealing with that question to-night. I do say, however, that no one can lightly pass over the achievements of any one great nation.

But, further than that, we have the communist party of Canada, an existing institution, taking part in various types of activity. I do not like the communist party. They have given our Cooperative Commonwealth Federation party more trouble than any other party.

An hon. MEMBER: Almost as much as the Social Credit party.

Mr. WOODSWORTH: Yes, almost as much. I have been opposed by the communist party and so have my colleagues. We differ in our points of view. But I must recognize that we have several communist members in our city councils. In my own province of Manitoba there is a communist member of the provincial house. There is a newspaper that comes into this house—one is put in my mail box—called *The Clarion*. Very often I do not agree with what I find in it; but it comes in, and I do not think it can be said to be subversive in character. I understand that a representative of this communist paper has his place in our own press gallery.

So long as the communists confine themselves to advocating certain doctrines, but keeping within the law, I do not think we have any right to attempt to muzzle them. I frankly admit that from the purely political point of view I wish they were all back in Russia; it would be a great deal easier for us. But, as a matter of fact, a great many of them have not come from Russia; some are Canadian-born. They have adopted a particular philosophy; and, I repeat, so long as they keep within the law, they ought to have the full rights of citizenship.

There is one other point. Once we begin to adopt any authoritarian methods in Canada, we do not know where they will end. Already in the province of Quebec certain people in high authority have classed the Cooperative Commonwealth Federation in the same group as the communists. These people have been quite misinformed; nevertheless it might readily mean that somebody might propose that the Cooperative Commonwealth Federation should not rent halls in the province of Quebec, or should not circulate newspapers in the province of Quebec, or should not be permitted to do this, that or the other thing—in effect, was an illegal organization. What would be the outcome if we allowed arbitrary decisions of that kind?

It is much more in harmony with what most of us have been taught are the fundamentals of British liberty and the British constitution, if we allow people opportunities for free discussion. I for one believe that in the long run truth will win out. I believe that in the long run the doctrines of the communists will be shown to be false and ill founded, and that the truer doctrines, the better founded doctrines, will prevail.

It is an easy thing to get rid of a nuisance by shoving it to one side; it is an easy thing for the people of the province of Quebec to neglect the great social reforms, which neglect is really the basis of the communist agitation. If our social order is such that the people of Canada have opportunity for a decent living, they will not be appealed to by people who urge them to fight against that social order. I am a parliamentarian, because I believe that whatever reforms are necessary may be brought about by an intelligent electorate through constitutional means. If there is any attempt to stir up rebellion in this country, there are means by which that can be checked, but in the meantime I for one stand for full freedom of speech, and this house, if it is thoroughly British in its spirit, ought to stand for full freedom of speech.

Mr. J. S. TAYLOR (Nanaimo): As one who has come under the ban of the communist party I think I might well say a few words. The fish trap question which was before this house recently was one reason why the communists should inveigh against me. Soon after my election in Nanaimo riding the communists, having secured a place in the Cooperative Commonwealth Federation in British Columbia, made a determined effort to oust me from the party. Two of them declared on the night of my election that that was to be their purpose, and in a measure they achieved what they wanted. The manager of my campaign, who was a lady, Mrs. Mary E. James, took up the fight which she had started at the time of my election and was herself ousted by the Cooperative Commonwealth Federation on Vancouver island, Nanaimo council. I have in my office right now a copy of a resolution which the Cooperative Commonwealth Federation, Alberni-Nanaimo district council, recently passed, expunging all the material

which had been stated against Mrs. Mary E. James at the time of her expulsion from the party, and exonerating her completely because of the machinations of the communist party. The man who sent the telegram to Toronto to have me removed from the floor of the convention there in 1936 is now secretary of the communist party on Vancouver island.

Therefore I know something about communists. But I warn hon. members to be British in this matter. Know the communists; learn about them, but under no circumstances fear them, because they have not the "intestinal fortitude" to interfere with the British system of justice. As long as you have parliamentarianism and the right to speak in this house and say those things which you honestly believe, you need not be afraid of communism.

Let me relate something by way of diversion and interest, which will drive the point well home. I went to England in 1937. In journeying round the country, making an effort to learn what the working man thought about conditions, I slept in sixty different beds in eighty-six days. So that was some travelling. And if I tell you, Mr. Speaker, that for bed and breakfast I paid all the way from two shillings to eighteen shillings, you will know that I took in a long line and a pretty thorough one. I found myself in London in the first week of September, and the thought struck me: This is Sunday in the first week of September, 1937; in 1907 on Sunday in the first week of September I was in London also, and following my usual custom I went down to see how the poor people lived. In 1907 I wended my way to Petticoat lane, Middlesex street, a short street off Whitechapel in the east end of London. If you can visualize a narrow street with dingy houses and costers' barrows extending all the way up on either side of the pavement you will get a fair idea of what was happening on this Sunday morning; these itinerant vendors were selling second-hand goods of every kind. Policemen went three together up the centre of the street, afraid to go singly along the sidewalks for fear they would be battered from the open doors. The street was filled with tattered and bedraggled individuals, and poverty was everywhere. It was a common saying that you would have your watch stolen from you in Whitechapel and you could buy it back from the top barrow after you had passed through Middlesex street. Everywhere you saw individuals slowly recovering from the effects of the debauch of the night before.

So, thinking I might get a real view of the change in social conditions in England in thirty years, I decided to do the same thing that Sunday in the first week of September, 1937. I went down to Middlesex street. The change amazed me. Young men and young women were well dressed and clean. The only dirty, tattered individual I saw was over fifty years of age. As I walked along the street they made a path for me. About one hundred yards up the street in a recess from the building line there was a cart, and on the cart a swarthy looking individual with shock, black hair yelling into a "mike." As I listened, the sound came imperfectly, because he did not know how to use a microphone properly, but he was talking communism. So I thought, now I will get a real slant on what is going on. The police officer on duty, the only one I could see, came down with his duty cuff on his arm and I accosted him. I said: "Officer, do you allow this kind of thing to go on?" Well, he looked down at me—he was a big fellow—and said, "I don't think he is creating any disturbance." "Well," I said, "don't the people here make any noise about this, do they not complain about the disturbance? This is Sunday morning and they ought to have some rest." "Oh," he said, "look at them, they have their windows open, they are all listening to it." "But, officer," I said, "do you know what he is saying?" Then, with a tolerant smile he turned to me and said, "Oh, yes, sir, he is preaching communism; but you know this is a free country, sir, we have free speech here." I was compelled to say, "Thank God for that." If we can do the same thing in Canada; if we can face every overt idea; if we can challenge every opinion, maintaining our own while giving every other man the right to maintain his as long as he remains within the laws of our country, Canada will progress. But if we apply the hand that stultifies the imagination and destroys free opinion and free voice, God help Canada.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I had no particularly strong ambition to speak on this bill, but at the same time neither have I a very strong liking for communists. That in itself would not be sufficient to make me support the bill. I favour free speech and have always done so. I do not believe in the muzzling of people in so far as it is possible to avoid muzzling them. At the same time I cannot help remembering that the doctrine of the communists is revolutionary socialism. My hon. friends to my left are members of the Cooperative Commonwealth Federation, of which the hon. member for Winnipeg North Centre (Mr. Woodsworth) is the head. They

are socialists, legal supporters of socialism. They believe in bringing about socialism by ballots, but the communists believe in bringing about socialism by bullets. That is their idea. Rather strangely, to me, the hon. member for Winnipeg North Centre admits that he supports the communists in the attitude he takes on this bill, but in my opinion the difference is that he believes in proper, evolutionary, parliamentary methods of bringing into effect the beliefs for which he stands. The communists do not believe in that. When they tell the truth, which they frequently do not, they admit that they believe in revolutionary socialism. They believe in forcing socialism upon the people of Canada and the rest of the world. That is the purpose of the third internationale. It has been said, and I think amply proved, that the third internationale has been supplying money to communists in almost every part of the world. One of the doctrines of the communist party, at any rate until quite recently, was world revolution.

Therefore, Mr. Speaker, I cannot work up any maudlin sentiment over the freedom of speech of a group of people who want to upset, by revolution, the parliamentary institutions of our country. Frankly, I cannot get very enthusiastic about it. I have nothing to say against Russia. The hon. member for Winnipeg North Centre I think confuses Russia with communism. Russia is one thing; communism is another. So long as they confine communism to Russia, I have not a word to say against it, but when they endeavour to instil communistic doctrines into this country; when they try to bring about revolution in this country, as they have attempted to do, I say I am opposed to it. We had to face that group of trekkers from Vancouver, who got as far as Regina before we had to stop them. That was a group of revolutionaries if there ever was one; at least their leaders were. I do not say the men necessarily were communists, but certainly, according to all the evidence we obtained, they were led by a group of revolutionaries. What was their object? They were going to bring twenty thousand men to the city of Ottawa in order to intimidate the government. As to that we have the evidence of the mounted police, who had some of their men join that organization.

Why should we be so sympathetic towards a group like that? Further, why should we be so sympathetic towards people who do not believe in free speech themselves? If any of us were living in Russia to-day and attempted to meet as we are meeting to-night, not in parliament but in an assembly of any kind, and we dared have anything but the most fulsome praise to pour upon the rulers of Russia, what would we get? I do not think I need ask anyone in this house. We would be taken out by the Ogpu, stood up against a wall and shot. Then, why should we be so sympathetic or concerned about the free speech of people whose basic doctrine is the suppression of free speech? Not only are they against free speech; they are against religion of all kinds, Catholic as well as Protestant. What have they done in Russia? They have destroyed practically every religious edifice in the country with the exception of a few which they have turned into other kinds of temples. It is true that they are relenting somewhat now. They were also against family life at one time, although in this connection also they are relaxing a little at the present time.

After all, that is Russia again, and I do not wish to confuse Russia with communism. I am speaking not only as a citizen of this country but as an individual member of parliament, and I am not asking my supporters to follow me unless they wish to do so. Speaking as an individual member of this house, not as the leader of the Conservative party, I personally have no sympathy whatever for what, to my mind, is the rather maudlin sentiment that is growing up among people who are ordinarily good, decent Canadian citizens, that so much freedom of speech should be granted to a group who, if they had us in their own country, would not let us open our mouths. Frankly, I cannot get very greatly excited in their favour. The other day I was rather shocked, in reading the proceedings of the radio committee, to learn what Mr. Brockington, chairman of the radio commission, had stated to the committee in saying that he believed in free speech. He went on to explain what he meant by that and said that if he had his way he would allow the Liberal party to speak over the radio; he would allow the Conservative party to speak; he would allow the Cooperative Commonwealth Federation to speak—and I think he brought in the Social Credit party as well, or he might have—and then somebody, some hon. member opposite whose name I have forgotten, asked if he believed that the communists should have the same right, and he replied yes, that they should. On what grounds?

Mr. BOUCHARD: He said he was speaking personally. He did not compromise the radio commission.

Mr. MANION: Well, I do not know how he can differentiate between his position as a private citizen and his position as chairman of the radio commission.

An hon. MEMBER: How about yourself? You said you were speaking as an individual member.

Mr. MANION: All right; I cannot either, and I am willing to take the responsibility. I was simply saying that for the benefit of my followers, to assure them that they could vote as they wished. I did say I was speaking as an individual member of this house, but at the same time I cannot differentiate between myself as a private member and myself as the leader of this party, so I accept whatever responsibility attaches to the statement I made to-night, and Mr. Brockington must do likewise.

I am not particularly finding fault with him personally, but I do not believe the communist party in this country has any right to be put on the same basis as the other parties in this house. I think any of the parties having a real membership in this house should be entitled to the use of the radio, and when I say that I include the four parties represented here. I think Mr. Brockington was quite right to that extent; but when he brought in the communist party, which has no member in this house, I doubt if he had any right to suggest that they should have the same privileges over the radio as the Liberal party, which has 180 members here, or any of the other parties, which have not such a large number.

However, Mr. Speaker, the reason I rose is that I find it very difficult, in spite of my love for free speech, to do anything but support this bill. So far as I am concerned, if the bill goes to a vote I intend to vote for it. I heard one hon. gentleman mention Hyde park. I have been in Hyde park a good many times; I used to enjoy walking through the park and listening to the various speakers. But they do not always get complete freedom of speech even there. I have seen people arrested in Hyde park. There is a difference between liberty and licence, and if they go to licence they are arrested, even in Hyde park. Within the last year the daughter of a prominent member of the peerage of England—I wonder if any of the friends of the titled people of England could tell me the name—stood up in Hyde park and adopted a fascist attitude, and they mobbed her. So they do not always allow people to say what they like, even in Hyde park.

Mr. TURGEON: But that was not the authorities.

Mr. MANION: I am not more sympathetic towards fascism than I am towards communism. As a matter of fact, the authorities saved this girl from being completely manhandled; but at any rate that was the reaction of the English people, who are the greatest lovers of freedom in the world. Some of them became tired of her attitude, and they took charge of proceedings.

Mr. TAYLOR (Nanaimo): And the authorities immediately stopped them.

Mr. MANION: The authorities stopped the people from beating her up; that is all. They hid her behind an iron fence so the people could not get at her; that was the way they stopped it.

The other evening the Minister of Justice (Mr. Lapointe) spoke in the house. I do not deny to him the perfect right to take whatever attitude he likes. But he said there is already in the law of Canada a clause against the sending round of seditious, disloyal or illegal literature. I believe those are the words.

Mr. LAPOINTE (Quebec East): Scurrilous.

Mr. MANION: While I do not think I should have brought in a bill of this sort, the bill being here, so far as I am concerned it will get my support, so far as I am able to give it, if the bill is allowed to come to a vote to-night.

Mr. WILLIAM HAYHURST (Vegreville): Mr. Speaker, we have listened with a great deal of interest to what has been said. I come here to speak on behalf of this group, with the idea that we should offer freedom of thought and expression to all people. I was in Hyde park last summer and listened to some of the most violent attacks upon the Prime Minister of Great Britain that one would hear anywhere—much more violent than one would hear in Canada. It also happens that most of the people in my constituency come from Ukraine. Most of them are nationalists. As we know, even Russia to-day is not that vile hotbed of the third internationale as it has been presented here to-night. As a matter of fact, we may need their support in a few years time—and probably before that time.

I would be remiss in my duty if I did not say something about free speech. I should not like to be the Postmaster General (Mr. McLarty) who would have to censor publications and say what were communistic, what were fascist and what were not. Sometimes we have wondered what economic nationalism is, and

we in this part of the house have been dubbed economic nationalists. We believe that truth can develop in a nation only as freedom of speech, freedom of utterance and writing, are allowed.

I sent to the library for the book Areopagitica, written a long time ago by Milton. It is one of the greatest classical works on freedom and those who love freedom. It happens that many of the things we think are false to-day are true to-morrow. Views change with respect to inventions. I read where a man in the south of England, when he first saw a steam engine, thought it was run by Satan himself. And so with all liberty; it does not matter whether it is liberty of thought along scientific lines, political lines, religious lines or economic lines—it does not matter what kind of liberty you may think about, it will be attacked. It may be that the very thing that is attacked and is unpopular at one time is in the next generation accepted as the truth.

Mr. MANION: Even to the extent of advocating revolution?

Mr. HAYHURST: The leader of the opposition likes to talk about revolution. Well, I do not believe there is going to be any revolution in Canada. The type of argument put forth by the leader of the opposition will cause revolution, because people are determined to have their say in affairs.

I guarantee I get more letters from communists than does any other hon. member in the house. I could show a hundred letters I received in the last three months, since I spoke in the debate on the address in reply, because my constituents thought I was a fascist. Well, if they think I am a fascist, what do hon. members think? Do they think I am a fascist?

Mr. MacNICOL: It is hard for us to say.

Mr. HAYHURST: From what hon. members have heard me say, do they think I am a fascist? Some communists think I am. I believe the communists should have their freedom of thought. They should be in a position to write to me and give me their expressions of opinion, without the Postmaster General looking into my letter box and saying, "Oh, this came from a communist organization, and therefore this man Hayhurst should not receive it"—and, of all places, in the House of Commons!

I had not expected to speak on this subject to-night, because I did not know it was coming up for consideration, but I happen to have in my hand an article about Russia reshaping her policy in Europe to-day. We hear about revolution as though there were going to be attacks by the man on the street, and the third internationale would spread its doctrines throughout the world. As a matter of fact, Russia is changing its policy to one of nationalism. I am the spokesman of the Ukrainian people, and they are nationalist in sentiment. When I advocate nationalism on behalf of the Ukrainians the communists immediately say, "You cannot get nationalism in the Ukraine, because that means taking Carpatho-Ukraine, Polish-Ukraine and part of Roumania, and adding it into a great Ukrainian state." But I say to my communist friends: "You are not to-day believing what Karl Marx preached." The doctrine preached by Karl Marx and written in London is entirely different from the type of communism practised in Russia. When Engels, getting his money in Manchester, was paying Karl Marx to write that type of literature, it was written in London under a free system of writing—a freedom condemned by the communists of that day. And we probably condemn communism to-day, but it is because the light of truth is coming upon it.

And so in Russia, when the people are taught in the language of education, liberty and understanding, their idea of communism changes. We believe that in Russia we shall have a great federalism—at least that is what I would think.

The communists and Ukrainian nationalists in my constituency will read what I say to-night. I am speaking spontaneously, and I hope they will be fair with me, because I should like to be fair with every section in my constituency. If I advocate a federalism in Russia it is only for the good of Russia, a federalism based upon Canadian federalism, the type of government where each group of people of each language has its own government. A great country like Russia could develop a type of democracy much like our own.

You cannot kill truth and reason; that is what Milton said. He who kills a man kills a reasonable creature; but he that destroys a good book kills not only a reasonable creature but kills reason itself. I quote from memory, and I may not have the exact words of Milton.

An hon. MEMBER: Almost.

Mr. HAYHURST: I will read from Areopagitica. This book was written in the seventeenth century. It is the foundation of liberty and free speech for all people of all religions. I have many Roman Catholic friends, and I admire them because I realize that their religion is a great truth, and that

we must have religious truth and freedom. But this man was not a Catholic. I am not reading his views with the idea of showing that this is the Protestant spirit. We believe in tolerance to all people. It does not matter of what nationality you may be; so far as I am concerned, it does not matter whether a man was born in a manger or in a castle or in a cottage by the sea. Every person should be allowed liberty to think as he wishes and to develop his life to the best of his ability. You cannot have that if you are going to have a rigid censorship upon literature and any subject which introduces new thought, and which many people therefore would not be in a position to judge.

I shall read a few lines from Areopagitica which will strengthen the remarks which I have made in imperfect English. This is what the great master of English has said:

> Behold now this vast city, a city of refuge, the mansion-house of liberty, encompassed and surrounded with his protection; the shop of war hath not there more anvils and hammers waking, to fashion out the plates and instruments of armed Justice in defence of beleaguered Truth, than there be pens and heads there, sitting by their studious lamps, musing, searching, revolving new notions and ideas wherewith to present, as with their homage and their fealty, the approaching reformation: others as fast reading, trying all things, assenting to the force of reason and convincement. What could a man require more from a nation so pliant and so prone to seek after knowledge? What wants there to such a towardly and pregnant soil, but wise and faithful labourers, to make a knowing people, a nation of prophets, of sages, and of worthies?

I might have picked out a much better piece, but that is just one I took at random. We are trying to develop a nation of prophets, sages and worthies. I am proud of having been born in Great Britain and I realize what liberty and democracy mean. I must preach democracy to my people. I want my new Canadian friends, and they are my friends, to be good Canadian citizens and to understand what democracy is. If you pass legislation which takes away from one class or group of people their liberty, then they probably will be forced to use other weapons. That is what happened in Russia. Prior to the great war Russia was living under the iron heel of feudalism with all the great knowledge and truth that was abroad in the world. It took a bloody revolution to eliminate those in society above simply because they could not see any other way out. Would we wish to have a similar condition exist in this great Canadian democracy? No. Mr. Speaker, I probably should not talk out this measure and I shall sit down now. I do want the people to realize that I am speaking from my own sentiments, that I believe in making democracy work. To cure the ills of democracy, you must give more democracy, more truth and more knowledge to all our people.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I am not sure that I understand the meaning of this bill. If it is as I understand it is, I should be committing a breach of the law if I mailed to some of my preacher brothers certain of the literary works I now have in my possession. I have one book that defines communism and compares it with Christianity. I come from one of the most intelligent cities in the Dominion of Canada, and the Minister of Transport (Mr. Howe) comes from a city alongside which is just about as intelligent. The councils of these two cities were asked if a communist could address the citizens. Port Arthur gave Mr. Tim Buck leave to do that, and the council of Fort William gave Mr. Gallagher, a fine Scotchman from the Clyde, an opportunity to address the people. I must say that perhaps these two distinguished gentlemen were somewhat disappointed when they found they had not changed the life of either city to any extent. They went on and the two cities remained as intelligent as before, being represented by intelligent individuals.

There is a member of the legislature in Winnipeg, Manitoba, who is a communist. Anything that he writes would be communistic; therefore, under the provisions of this bill he would not be permitted to pass any of his letters through the mail. As a man thinks, so is he, and as he writes, so does he express himself. Therefore his letters would be communistic literature. That is logic. I may be wrong, but I believe that if there were an opportunity to become a Christian communist it would clean up many of the things now present in the political life of Canada. I cannot help thinking of the law as it has been administered by the former Postmaster General, the hon. member for Middlesex West (Mr. Elliott). Our present laws have enough in them to protect us against unclean literature. I do not wish to give any particular instances, but as long as the former Postmaster General is alive he will be considered a credit to the Dominion of Canada. He was a man who was above the taking of bribes for allowing anything wrong to go through the mails.

I stand for free speech just as much as anybody else. It will never hurt anyone to express themselves along any particular lines as long as they observe the laws of Canada.

I have addressed communistic gatherings and my advice to them has always been to observe the law. I visited Mr. Tim Buck when he was in Port Arthur. Perhaps that was a little risky, but I got the surprise of my life. He had been in an automobile accident, and I was wondering how many clergymen from the head of the lakes had visited him. I found him to be just as intelligent as I was. When we bowed our heads before the Great Creator, I was perhaps the one who slipped a little because I opened my eyes to peek to see if his were closed. They were closed as reverently as mine. I am going to be very careful in voting for any bill that will restrict the publications of a man of that type because I think deep down in the heart of Tim Buck there is something that is good.

Mr. MacINNIS: It is so close to nine o'clock that perhaps your honour will call it that hour.

SUPPLY

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

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—
218. General administration, $972,135.

Mr. PELLETIER: Will the minister explain the decrease in this item?

Hon. J. L. ILSLEY (Minister of National Revenue): The decrease is $134,015, made up as follows:

Item	Decrease
Permanent salaries	$ 90,515
Temporary salaries	7,500
Printing and stationery	35,000
Telegrams and telephones	500
Sundries	500
Total	134,015

Mr. PELLETIER: There is a decrease of some $90,000 in salaries. Has there been a transfer of employees from this department to some other department?

Mr. ILSLEY: Yes. There was a transfer of sixty-nine permanent officers to the Department of Trade and Commerce. Does the hon. member want the details?

Mr. PELLETIER: No, it is not necessary. I was just wondering if, on account of slackening business, it had been necessary to dismiss a number of employees.

Mr. ILSLEY: No.

Item agreed to.

[Mr. McIvor.]

Customs and excise divisions—
219. Customs excise chemical laboratory, $39,635.

Mr. MARSHALL: How long has this particular branch been in operation?

Mr. ILSLEY: This laboratory?

Mr. MARSHALL: Yes.

Mr. ILSLEY: I believe, since shortly after confederation.

Mr. MARSHALL: The reason I asked this question is that prior to the estimates of 1938-39 they were all segregated, were they not? They are now split up, are they not?

Mr. ILSLEY: This item formerly was included in the main item, and now it is taken out of the main item and shown separately.

Mr. MARSHALL: That is the point I was trying to get.

Item agreed to.

Customs and Excise division—
220. Inspection, investigation and audit services, $1,110,925.

Mr. MARSHALL: The auditor general made a report on this matter. It states, at page 47 of part I:

> An examination was made of the procedure followed in collecting and recording revenues in the customs and excise divisions at the port of Toronto, and as a result, several recommendations were made to the commissioners of customs and excise respectively, which would prove beneficial, and would provide for a fuller compliance with the requirements of the consolidated revenue and audit act.

I wonder if the minister would enlarge on that point.

Mr. ILSLEY: Is this in the last report of the auditor general?

Mr. MARSHALL: It is found in the auditor general's report for the year ended March 31, 1938.

Mr. ILSLEY: Yes. The auditor general did make some minor recommendations, recommending some minor changes in the port of Toronto, which I am informed have all been adopted.

Item agreed to.

Customs and excise division—
221. Preventive service undervaluation unit, $65,280.

Mr. PELLETIER: Why is this service necessary as being distinct and apart from the investigation and audit services?

Mr. ILSLEY: Well, there is not much reason; perhaps there is no reason except an historical one why this should be separate from the item just before it. A few years

ago there was a large preventive service under the jurisdiction of the Department of National Revenue. The Royal Canadian Mounted Police took over almost wholly that preventive service, but some officers were left with the Department of National Revenue to do work which was not strictly speaking, police work; it is mostly clerical, and this item is to provide for the expenses of the remnants of the old preventive service.

Mr. PELLETIER: If that is the case, it seems to me that there might be more economy effected if these two preventive services were amalgamated. Perhaps if the inspection, investigation and audit services could take complete charge of this remnant of the former organization some economies might be effected there. Another reason is that the Royal Canadian Mounted Police have been active in carrying on the prevention of undervaluation concerning matters of this type, and I suggest there might be room there for economy in that particular branch.

Mr. ILSLEY: Well, about the only separation is here in the book. They are all under the chief inspector of customs and excise.

Mr. PELLETIER: There is no particular officer designated specially to take charge of this work?

Mr. ILSLEY: No. The chief inspector of customs and excise has charge of both.

Item agreed to.

Customs and excise divisions—

222. Ports, outports and preventive stations, including pay for overtime of officers, notwithstanding anything in the Civil Service Act, and temporary buildings and rentals, $7,619,100.

Mr. BROOKS: In regard to this item I have often felt that the matter of appointments was one to which the phrase, "notwithstanding anything in the Civil Service Act" might apply, and I could refer particularly to an appointment in my own town of Sussex, New Brunswick. However, I am not going to discuss that to-night. I should like to have an explanation from the minister of just what that phrase means, particularly in this case.

Mr. ILSLEY: In 1928 the National Revenue Act was amended in such a way as to empower the governor in council to make certain appointments notwithstanding the provisions of the Civil Service Act. That amendment was introduced and passed as a result of a recommendation of a royal commission. The reason for the recommendation was this: It was thought that the government should have some liberty of choice of experts, and the appointments were confined to the preventive service, the appraisal service, and investigators of values—just those three. Under that amendment to the National Revenue Act quite a number of officers were appointed, both before 1930 and after 1930. I cannot remember just the number that are in the service, but I think it is somewhere between fifty and sixty. Since 1934 no one has been brought into the service from outside under the powers contained in that act; the practice has been discontinued; and when we need an investigator or an appraiser or anybody of that kind we ask the civil service commission to appoint him. The matter has been handed over to the civil service commission. For promotions of these particular national revenue appointees we have to resort to an order in council, because the civil service commission does not recognize them at all.

Mr. BROOKS: That does not apply to any new appointments at the present time?

Mr. ILSLEY: No. It would not apply to any new appointments unless we resumed the practice of making appointments under the National Revenue Act—which I have no intention of doing.

Mr. COLDWELL: This item covers a number of things including out-ports, preventive stations, temporary buildings and rentals. Some of the customs stations, which would come under the Department of Public Works as well as under this department, are in my opinion a rather poor advertisement for Canada to people who cross the line and come to our side.

Mr. ILSLEY: They advertise our economy.

Mr. COLDWELL: I am thinking of the convenience of people crossing the line. I do not know much about the eastern stations, but I have seen a number of them in western Canada. When I was on the United States side of the line I saw well equipped customs stations, with toilet and other conveniences; on the Canadian side the stations were badly equipped. I could not help thinking that we presented the appearance of the poor neighbour of the United States, and I thought that on this item I would call attention to the fact that many of the customs buildings and offices, particularly on the western Canadian boundary, are a poor advertisement for Canada, especially when we compare them with the buildings on the other side of the line. None of these is in my constituency and therefore I am not asking for such public works there, but if funds are available we

might profitably as a nation spend a little money on some of the customs stations that are not very attractive to people crossing the border.

Mr. MARSHALL: There is a total reduction in staff of fifty-five. Does this mean that these employees have been transferred from the Department of National Revenue to the Department of Trade and Commerce?

Mr. ILSLEY: There were sixty-nine transfers to the Department of Trade and Commerce. What page is the hon. member looking at?

Mr. MARSHALL: I am looking at page 144 of the estimates. On page 141 the details are given.

Mr. PELLETIER: There is an increase of $70,900, and on page 141 the details are set out showing so many new collectors, and so on; but apparently these do not account for the $70,900. Could the minister give some information as to the difference between the two?

Mr. ILSLEY: There are quite a large number of decreases and a number of increases, and the net increase is $70,900. I can give the various increases.

Mr. PELLETIER: I do not want to put the minister to the trouble of giving details with regard to each position. I simply want to know how this amount is made up. I want the reason for it.

Mr. ILSLEY: It is made up of various items; it is a net increase of $70,900.

Mr. MARSHALL: All increases in salaries?

Mr. ILSLEY: No. This is the net result on balance between the number of increases and the decreases.

Mr. MARSHALL: In salaries?

Mr. ILSLEY: No, all kinds of things. The increase in temporary salaries is $69,605, and the reason for that is the employment of persons on a temporary basis on account of permanent employees leaving the service, or in consequence of death, resignation or superannuation. There is a decrease in permanent strength and an increase in temporary strength The others are small items, and that is the net increase.

Mr. MARSHALL: According to my calculations there is a net decrease of fifty-five in the staff.

Mr. ILSLEY: In the permanent staff?

Mr. MARSHALL: Yes. Were they transferred to the Department of Trade and Commerce?

[Mr. Coldwell.]

Mr. ILSLEY: They are replaced by temporaries.

Mr. MANION: There was a policy of closing certain ports. Have any been closed in the past year and have some been opened?

Mr. ILSLEY: Nearly ninety ports, outports, preventive stations and postal collecting stations have been closed since this government came in. Leaving out the postal collecting stations, which are not very large affairs, forty-eight ports, outports and preventive stations have been closed.

Mr. LANDERYOU: The minister says there has been a decrease in the permanent strength and an increase in the temporary. What happened to those who were on the permanent staff? Were they moved to another department?

Mr. ILSLEY: They are accounted for by deaths, resignations and superannuations.

Mr. LANDERYOU: And the temporary staff have replaced them?

Mr. ILSLEY: Yes.

Mr. LANDERYOU: Was the increase on account of increase in salaries?

Mr. ILSLEY: Perhaps I had better give the increases and the decreases. Taking the increases first:

	Increase
Temporary salaries	$69,605
Living allowances	2,100
Overtime	10,000
Stamps and labels	25,000

These are total increases of $106,705. Against them there have been the following decreases:

	Decrease
Permanent salaries	$17,805
Printing and stationery	7,000
Postage	5,000
Express and freight	3,000
Sundries	3,000

This represents total decreases of $35,805. The balance, or net increase, is $70,900.

Mr. LANDERYOU: Is this overtime figure, $160,000, the total overtime paid to all the employees of the department?

Mr. ILSLEY: Yes.

Mr. LANDERYOU: What is the reason for having such a large amount of overtime?

Mr. ILSLEY: It is a very small amount; two years ago it was over $500,000. It is not the sort of business that one can do on a basis of an eight hour day without considerable loss of economy. To do that would require a much larger staff. But we have tried to cut out a great deal of overtime. As I say,

two or three years ago the overtime amounted to some $500,000, and we have brought it down to $160,000, taking on, if I remember, 150 or 160 additional staff.

Mr. LANDERYOU: I am in favour of that. I do not think we should allow the employees to work so much overtime when there are so many unemployed.

Mr. ILSLEY: That is an important change in the policy of the department.

Mr. LANDERYOU: Well, I am in favour of it.

Mr. MARSHALL: What is the explanation of the item of $4,009.61, "appropriation not required for 1939-40"? I am interested in this because a similar item runs through almost every department.

Mr. ILSLEY: It seems to me that should be 1938-39.

Mr. MARSHALL: I agree with the minister that it should be.

Mr. ILSLEY: If that is the case it is easy to see what it means; it means that we did not use quite all our vote, and shall not up to the end of this month.

Mr. LANDERYOU: How long will it be before those hired on the temporary staff are made permanent? Or is it the intention that they will be employed permanently?

Mr. ILSLEY: There is a treasury board regulation which requires each unit of the service to keep a "cushion" of temporaries; it is twenty per cent in our department, in some departments I think it is ten per cent. This means that some appointees remain in the temporary class for a considerable length of time. To make them permanent would violate the rule that twenty per cent in a unit must remain as temporaries. My impression is that a good many become permanent in one or two years.

Mr. LANDERYOU: As soon as a position is open in the permanent staff, they are given the opportunity?

Mr. ILSLEY: Yes. They do not change their duties; they are just given permanent status.

Mr. STIRLING: What is the principle that underlies the "cushion"?

Mr. ILSLEY: The principle is, theoretically, that there should be a chance to reduce the service without hardship. It must not be admitted that a person once in the service is necessarily always there. Some occasion may arise for economy even in a government.

Mr. MANION: Has it ever arisen?

Mr. LANDERYOU: Would it not be just as easy to reduce staff if they were permanent?

Mr. ILSLEY: No, it is one of the most difficult things to get a person who is permanent out of the service. If the position is abolished they have to have a pension; they are paying into the superannuation fund, and adjustments have to be made in regard to that; it is a difficult matter. "Permanent" status does give them a great deal of permanency.

Mr. LANDERYOU: It is cheaper to keep them?

Mr. STIRLING: How many outports are there, if any, that are open twenty-four hours a day?

Mr. ILSLEY: The commissioner tells me that about half of the frontier ports are open twenty-four hours a day. If the hon. gentleman wants the number it will take a few minutes to get it.

Mr. STIRLING: In British Columbia, for instance, is there more than one?

Mr. ILSLEY: There are two; Pacific highway and Douglas.

I want to answer that inquiry as to appropriations not required for 1939-40. The purpose of showing these appropriations in two columns is to show whether there is an increase or a decrease. That item of $4,009.61 is of a kind not covered by a vote this year at all. It was a special vote last year to cover payments to two individuals named. There is nothing like that this year, so it cannot be compared with anything, in other words, the appropriation is not required at all this year.

Mr. STEVENS: It has never been explained yet, although explanation has been asked for a thousand times. It does not mean a thing.

Mr. ROSS (St. Paul's): Last year there was a change made in Toronto. Originally we had a port at Toronto and an outport at West Toronto. I remember I had some correspondence with the minister in respect to the matter, and I think he had some correspondence with the board of trade and others in Toronto with respect to making West Toronto a port. At that time it was explained to us that there would be a great economy effected by arranging for two separate ports instead of the one port with an outport. I always understood that both the port of Toronto and the outport of West Toronto had given excellent service. I felt at the time

that if there was dissatisfaction with the service at the outport of West Toronto we should have had a little better service, which the department could easily give. Would the minister be good enough to state just what saving has been effected by the opening of the new port of West Toronto?

Mr. ILSLEY: It seems a shame to revive the old controversy about West Toronto. The facts were that West Toronto was an outport of Toronto, and as a result of its subordinate status, so to speak, about 25,000 entries annually had to be made a second time in the books of the main Toronto office. If I remember correctly, the services of about two men were employed doing this and nothing else. There was no sense to it at all; it did not serve a single useful purpose. The simplest and easiest way to get rid of that useless work, wasted effort and needless expenditure was to make West Toronto a port instead of an outport, which was done just by a stroke of the pen. Of course we were accused of working in the interests of Montreal; of trying to spoil the statistical showing of the port of Toronto and so on, and for a month or so a great campaign was waged against us in which I am sorry to say my hon. friend joined. I want to assure him, however, that I have not heard one word of complaint in regard to what we did from that time until this. Last session I think my hon. friend put a question on the order paper in this connection, but there has been no complaint at all.

With regard to expense, the accusation was that we were going to increase expenses by $25,000 a year by making West Toronto a port. The first rumour was that we were going to name a particular person as collector there; in fact, half a dozen ulterior motives were ascribed to the minister, the commissioner and others for making this change. All I can say about expense is that not a single salary has been raised in the port of West Toronto. The expense there is the same because they are doing the same amount of work they were doing before.

Mr. MANION: This increase of $70,000 is not on account of that change?

Mr. ILSLEY: Oh, no; there is no increase, and the two men I mentioned have been absorbed in the Toronto office. One cannot point to a particular economy. There has been some increase in the staff of the Toronto office, and all we ever said was that we would absorb these men instead of bringing in people from outside.

Mr. ROSS (St. Paul's): I have great regard for the Minister of National Revenue, and I did not ascribe any ulterior motives to him when the outport of West Toronto was made a port. When he replied to me he rather suggested in his letter, I think, that I was taking that attitude, but I was not. It was entirely a question of economy. I have listened carefully to the minister's rhetoric and to his statement that we were talking about Montreal, and so on. The minister has said that he has not increased any salaries there, but the number of entries through the ports of Toronto and West Toronto is less than it was last year. In spite of that fact there is an increase in the expense, and I was wondering if the port of West Toronto had anything to do with it.

Mr. LANDERYOU: There is an amount of $50,000 provided for legal expenses. How is this money spent?

Mr. ILSLEY: To begin with, on what page is the item?

Mr. LANDERYOU: It is on page 144; the amount was $50,000 last year and it is $50,000 this year. Is that in connection with legal firms outside the department and the government?

Mr. ILSLEY: Yes, that would be it. We have quite an amount of litigation in connection with the collection of taxes, and have to employ counsel.

Mr. LANDERYOU: The minister thinks it is better to employ outside counsel than to have his own departmental officials do the work?

Mr. ILSLEY: We do both. We have counsel in the department, but it is necessary to have local solicitors and counsel as well.

Mr. LANDERYOU: Are they paid for each case? I should like to know how this money is paid, whether these solicitors are given a fixed sum to represent the department in a certain area, or what is the practice.

Mr. ILSLEY: They are agents of the Department of Justice; their accounts are taxed by that department, but we pay them.

Mr. STIRLING: What is the policy that governs the minister and the government with regard to customs entries at airports? Considerable expansion is going on, certainly in my part of the country, with regard to these air fields, and one is continually being asked whether customs facilities will naturally follow the opening of airports.

Mr. ILSLEY: There is not a great deal of importation of goods by aeroplane. There are about four ports at which aeroplanes do land regularly, and at those ports there are

customs officers at the times the planes are scheduled to land. Entries are made in the usual way.

Mr. STIRLING: But there is a great deal of casual flying.

Mr. ILSLEY: In that case the nearest port has to be notified. Then an officer goes at once by taxi and does whatever is necessary.

Mr. STIRLING: At the expense of the department?

Mr. ILSLEY: At the expense of the person accommodated.

Mr. LANDERYOU: I should like a little more information in regard to this amount for legal expenses. What is the number of cases handled in this way last year and the amount of money paid in legal expenses?

Mr. ILSLEY: These are mostly prosecutions under the Special War Revenue Act. In addition, there would be some ordinary collection cases where accounts were placed in the hands of solicitors. I have not the particulars of the cases, but quite a number of them are going on all the time in various parts of Canada.

Mr. LANDERYOU: That is for evading payment of taxes?

Mr. ILSLEY: Yes, not paying for one reason or another. There are cases of all kinds. Sometimes people keep two sets of books, and resort to various practices in order to evade payment of their taxes. We keep after them.

Mr. STIRLING: I should like a little more information with regard to customs entries at airports. For instance, has the department an officer stationed at the St. Hubert airport in Montreal?

Mr. ILSLEY: Yes.

Mr. STIRLING: And are there many of the larger ports at which there are permanent officers?

Mr. ILSLEY: There are three others, Toronto, Winnipeg and Vancouver.

Mr. STIRLING: There was an instance that occurred in my part of British Columbia quite recently. The dominion government is to assist the municipality in the preparation of a field at Penticton, where there is a customs office. Does the incoming plane just come down and telephone the officer to come out, or what is the practice?

Mr. ILSLEY: This is not a regular service. It would not be a regular or scheduled landing at Penticton.

Mr. STIRLING: It may become regular, but it is not yet. Thirty miles south of Penticton there is an excellent field at a place called Oliver, which certainly has been used for casual landings. The difficulty has been to arrange with the Penticton customs office. The next stage of the development will be the opening of the field at Penticton itself, where there is a customs office. I am wondering what the practice will be. There are other air fields dotted all along that piece of the southern boundary.

Mr. ILSLEY: Arrangements can be made in advance. A person coming into Canada can telegraph ahead, and an officer could meet him there. Or, if the man does not do that, and telephones to the nearest customs house the officer will get there as soon as he can.

Mr. STIRLING: The man would be told by the officer that at the man's expense the officer would take a car and go out to the field.

Mr. ILSLEY: Yes.

Item agreed to.

Income tax division—

223. General administration, including authority to create positions and make appointments within the division, notwithstanding anything contained in the Civil Service Act, and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act, $314,775.

Mr. MANION: Would the minister give some general information as to the amounts collected and the numbers paying income tax in Canada? A short general statement would be of interest.

Mr. ILSLEY: The amount collected this fiscal year will be approximately $140,000,000.

Mr. MANION: Does that include business income tax?

Mr. ILSLEY: That is just income tax.

Mr. MANION: Personal?

Mr. ILSLEY: No, including corporation, as well.

Mr. MANION: Would the minister mind dividing it up?

Mr. ILSLEY: Although I have not the figures before me I shall have them in a few moments. The main divisions are corporation income tax, individual income tax and the tax on remittances to non-residents.

Mr. MANION: The minister has not the figures for those three?

Mr. ILSLEY: No, but roughly—and I will correct the information if I am much out—I should think the ratio between cor-

poration and individual is about three to two. The corporations pay about one and a half times as much as individuals.

Mr. MANION: About $85,000,000 personal; or is it the other way about?

Mr. ILSLEY: I shall have the exact figures in a moment. Of course one has to take out the tax on non-residents, and that is quite a large item. Strictly speaking, it is not an income tax. It is a tax on interest, dividends and so on paid from Canadian sources to persons residing outside Canada.

Mr. HOMUTH: It is an income tax on foreigners, is it?

Mr. ILSLEY: Strictly speaking, it is not an income tax because, on balance, they may not have any income at all. Nevertheless they have to pay that five per cent.

Mr. HOMUTH: It is on Canadian earnings.

Mr. MANION: The same as Canadians do on United States income?

Mr. ILSLEY: Yes.

Mr. HOMUTH: Are the figures divided as between industry, mining and financial houses, or in some such manner as that? For instance, could the minister give us the income from the mines of Canada and that from industrial concerns?

Mr. ILSLEY: I shall see about that, although I have not the information before me. We do not have it readily available, and it would take some little time to get it. I think, however, there would be no objection to giving the hon. member that information. It would take some little time, but we could separate it into mining and non-mining corporations. Is that what the hon. member wants?

Mr. HOMUTH: Yes. My idea is this—and I am quite sincere—that in the house we hear a great deal of talk about how industry is continually milking the people of western and eastern Canada. I think it would be a good idea if we could have some figures showing the division of income tax as between what industry pays and what comes out of our natural resources such as mining, lumbering and so on. Those figures would be of interest to the committee.

Mr. MANION: Could the minister first give the figures I asked for?

Mr. ILSLEY: I find my proportion was just a little out. I have not the figures for the current year, because it is not yet complete, but for the year 1937-38 I find that individuals paid $40,444,838.61 and corporations paid $69,768,605.17.

[Mr. Ilsley.]

Mr. MANION: Are the proportions about the same this year?

Mr. ILSLEY: I should think so, substantially. I was just going by my impression over a period of years.

Mr. MANION: That amounts to about $110,000,000. This year the minister expects roughly $140,000,000.

Mr. ILSLEY: But I have not put in the five per cent tax in the figures I have given. That amounts to $10,152,087.

Mr. MANION: Five per cent makes a figure over $10,000,000?

Mr. ILSLEY: Yes; there is a great deal of money invested in Canada by non-residents.

Mr. MANION: There was $120,000,000 collected last year, and this year the amount will be about $20,000,000 more?

Mr. ILSLEY: Yes.

Mr. MANION: How many individuals paid income tax? They used to be in the neighbourhood of a quarter of a million. What is the number for the last year for which the minister has the records?

Mr. ILSLEY: Before I answer the question may I say the commissioner tells me that to date payments for the present fiscal year amount to $141,000,000. It is nearly the end of the month, and there will not be much more. In 1937-38 the number of individuals was 237,064.

Mr. MANION: As the minister is giving figures, would he give the division according to amounts? I am referring to those between $2,500 and $5,000, and proceeding up through the higher brackets.

Mr. ILSLEY: I will give the figures for taxable incomes, that is, incomes above the exemptions. I shall give first the income figures and then the number of individuals. They are:

Taxable income	Number of taxpayers
Under $2,000	106,764
Between $2,000 and $3,000	56,026
Between $3,000 and $4,000	30,973
Between $4,000 and $5,000	14,727
Between $5,000 and $6,000	8,016
Between $6,000 and $7,000	5,148
Between $7,000 and $8,000	3,344
Between $8,000 and $9,000	2,290
Between $9,000 and $10,000	1,691
Between $10,000 and $15,000	4,121
Between $15,000 and $20,000	1,613
Between $20,000 and $25,000	763
Between $25,000 and $30,000	452
Between $30,000 and $35,000	314
Between $35,000 and $40,000	215
Between $40,000 and $45,000	134
Between $45,000 and $50,000	91
Over $50,000	382

Mr. ROSS (St. Paul's): Would the minister give the amounts collected in each of these categories?

Mr. ILSLEY: They are as follows:

Taxable income	Amount collected
Under $2,000	$ 1,152,471
Between $2,000 and $3,000	1,196,682
Between $3,000 and $4,000	1,348,556
Between $4,000 and $5,000	1,216,838
Between $5,000 and $6,000	1,174,617
Between $6,000 and $7,000	1,180,612
Between $7,000 and $8,000	1,048,250
Between $8,000 and $9,000	985,368
Between $9,000 and $10,000	919,723
Between $10,000 and $15,000	3,753,354
Between $15,000 and $20,000	2,919,947
Between $20,000 and $25,000	2,351,043
Between $25,000 and $30,000	2,087,838
Between $30,000 and $35,000	1,923,770
Between $35,000 and $40,000	1,622,398
Between $40,000 and $45,000	1,245,898
Between $45,000 and $50,000	1,095,111
Over $50,000	14,027,159
	$40,444,839

Mr. YOUNG: What is the largest income in Canada upon which a tax is paid?

Mr. ILSLEY: That is not available.

Mr. YOUNG: It must be available somewhere.

Mr. ILSLEY: Yes, it would be in the department.

Mr. MacINNIS: Has the minister the percentages of the taxpayers and the percentages of taxes which they pay?

Mr. ILSLEY: These are the figures:

Taxable income	Percentage of total taxpayers	Percentage of total tax paid
Under $2,000	45·04	2·79
Between—		
$2,000 and $3,000	23·63	2·9
$3,000 and $4,000	13·07	3·27
$4,000 and $5,000	6·21	2·94
$5,000 and $6,000	3·38	2·84
$6,000 and $7,000	2·17	2·86
$7,000 and $8,000	1·41	2·54
$8,000 and $9,000	·97	2·38
$9,000 and $10,000	·71	2·23
$10,000 and $15,000	1·74	9·08
$15,000 and $20,000	·68	7·06
$20,000 and $25,000	·32	5·69
$25,000 and $30,000	·19	5·05
$30,000 and $35,000	·13	4·65
$35,000 and $40,000	·09	3·93
$40,000 and $45,000	·06	3·01
$45,000 and $50,000	·04	2·65
Over $50,000	·16	33·94

Mr. MARSHALL: There has been some correspondence between the auditor general and the income tax division with respect to whether or not the auditor general has the authority to examine the personal files of taxpayers in possession of the income tax division. The matter was referred to the Department of Justice. Referring to the auditor general's report, I find this is what is stated:

> He is not permitted to see these documents for two reasons: first, because he is precluded by the provisions of said section 81, and second, because he has no power to review the findings of the minister.

Then the auditor general goes on to say:

> Consequently I cannot satisfy myself regarding the accuracy of assessments of income tax, nor ascertain on behalf of parliament that the provisions set forth in the Income War Tax Act, with regard to these assessments, have been properly applied by the income tax division.

The question I should like to direct to the minister is, if the auditor general has not the right to see these documents in order to verify the assessments, how are these statements verified?

Mr. ILSLEY: The minister has to take responsibility. That is all I can say.

Mr. HOMUTH: The figures that the minister has given us are so interesting that it is perhaps unfortunate we cannot get a better division of them; first, perhaps, a division showing the various classifications from which income tax is received—those engaged in industrial pursuits, those engaged in mining and various other activities; second, the various provinces from which the income tax is collected.

As we sit here day after day we hear continuous attacks upon industry. I venture to say that if a careful analysis of income tax payments were made it would be found that those provinces which are highly industrialized are paying the greatest proportion of taxes to the government.

Mr. ROSS (Moose Jaw): You did not pay it, you collected it.

Mr. HOMUTH: I would expect that from hon. members over there. Not only are we paying this tax, but as a result of the activities within our own provinces and the payment of provincial taxes in the various provinces in which we who are in industry have offices, we are paying a very large proportion of the tax in the western provinces in which we are doing business. It would be interesting to have a proper division of the whole tax, and then add to it the amount of money which we are paying in subsidies to western Canada, as a result of their wheat subsidy, as a result of other votes which are authorized for the minister's plans of rehabilitation, and so forth. It would give us a complete picture of just how much money is being taken from eastern Canada and distributed throughout the western provinces.

Mr. McLEAN (Melfort): The hon. member would take in the whole of the landscape.

Mr. HOMUTH: My hon. friends would not have even landscape, if it were not for some of us in eastern Canada.

Mr. YOUNG: Some hon. members would hardly have a shirt to their backs if the west had not fed the east for twenty-five years.

The CHAIRMAN: Order. I am afraid that this discussion is out of order. I would ask the hon. member for Waterloo South (Mr. Homuth) to keep to the item before the committee.

Mr. YOUNG: The hon. member had better get it out of his head.

Mr. HOMUTH: I imagine the chairman will agree that these interruptions are out of order. The hon. member who has just spoken has certainly said long ago all he has in his head, because nothing worth while has come out of it for the past three years. As I was saying, it might be a good idea if we could get a complete picture of the taxes which are paid under all these various items, with the moneys distributed to the various provinces in connection with relief. It would show clearly where the money comes from and where it goes.

Mr. LANDERYOU: I wonder whether the minister can give us the information as to where the money comes from—

An hon. MEMBER: The twenty-five dollars a month?

Mr. HOMUTH: The east has given the hon. member's province all the money it deserves.

Mr. LANDERYOU: —which is paid in income tax by the industrialists of eastern Canada, just how much has come from western Canada in the last ten years.

Mr. HOMUTH: The west has got it back three times over.

Mr. BROOKS: Would the minister give us the amounts collected in each of the different districts in Canada? As I understand the situation, there is a central collecting office for each district.

Mr. ILSLEY: If the hon. member for Waterloo South (Mr. Homuth) will obtain a publication of the bureau of statistics called Incomes Assessed for Income War Tax in Canada in 1937, he will get a great deal of the information that he is seeking.

Mr. HOMUTH: But it will not give the distribution, will it?

[Mr. Homuth.]

Mr. ILSLEY: It gives the distribution by provinces and by occupations in the various provinces. It also makes some division between corporations, but I do not think it segregates mining corporations.

Mr. HOMUTH: That is what I was wondering.

Mr. ILSLEY: It is called "natural resources."

Mr. HOMUTH: Does it segregate natural resources and industry?

Mr. ILSLEY: Yes, it does.

Mr. HOMUTH: And mines come under "natural resources"?

Mr. ILSLEY: Yes. It is very good. I think the last year of publication is 1936-37; we have not had anything since then.

Mr. BROOKS: I asked for the amounts in the different districts.

Mr. ILSLEY: How small a district does the hon. member want? There are quite a number of them.

Mr. BROOKS: I mean, from the different centres like Saint John, Halifax, Charlottetown.

Mr. ILSLEY: There are quite a number of districts here. The hon. member wants the total of individual and corporation income tax from each of these districts?

Mr. BROOKS: As I understand it, there is an office in each district for the collection of income tax for that particular district. For instance, in New Brunswick, Saint John collects, I believe, for that district. I wanted the total from each of the districts. I may be wrong in my idea, but I thought—

Mr. LANDERYOU: Could the minister give the total for each of the provinces?

Mr. ILSLEY: I have that information here. If I read it, it is going to take quite a long time.

Mr. HOMUTH: Put it on *Hansard*.

Mr. BROOKS: I should be glad if the minister would put it on *Hansard*.

Mr. ILSLEY: With the consent of the committee; but I would say that a person in New Brunswick can pay his income tax in Winnipeg, and a person in Nova Scotia can pay his income tax in Montreal if he wants to.

Mr. BROOKS: Those are exceptional cases.

Mr. ILSLEY: I am told by the commissioner that it is nevertheless segregated back to the district in which he resides.

Mr. BROOKS: Can the minister give the figures for 1937 and 1938? I want to compare the two.

Mr. ILSLEY: I will put the 1937-38 figures on *Hansard*.. Does the hon. gentleman, for purposes of discussion, want me to give him anything roughly right now?

Mr. BROOKS: If he can give it for the provinces it will suit me.

Mr. ILSLEY: By provinces these are the figures for 1937-38:

Prince Edward Island	$ 970,000
Nova Scotia	1,614,000
New Brunswick	1,100,000
Quebec	34,111,000
Ontario	68,170,000
Manitoba	3,008,000
Saskatchewan	537,000
Alberta	1,922,000
British Columbia	8,819,000
Yukon	26,000

Mr. BROOKS: What year?

Mr. ILSLEY: The fiscal year 1937-38.

Mr. HEAPS: I wish to say just a word in regard to income tax payments, because there have been made to-night some remarks that would better have been left unsaid. When we talk about paying income tax, there is only one method by which it can be paid, and that is by the national production; and if we have no production in Canada there will be no tax paid anywhere, either in the east or in the west. It is therefore unfair for any hon. member, no matter what part of the country he comes from, to make disparaging remarks about any section of Canada especially when the west is experiencing difficulties.

Mr. HOMUTH: So is the east.

Mr. HEAPS: The hon. member has never heard me or any other western member making disparaging remarks about the east.

Mr. HOMUTH: You are continually criticizing industry in the east.

Mr. HEAPS: As to criticizing industry—

The CHAIRMAN: Order. The hon. member is out of order.

Mr. HEAPS: May I point out—

The CHAIRMAN: Not when the hon. member is out of order.

Mr. HEAPS: You never gave me a chance to argue the point of order. I do not like dictatorial methods from the chair.

The CHAIRMAN: Order. My decision has been given.

Mr. HEAPS: And I have a right to appeal your decision if I wish to.

The CHAIRMAN: The hon. member has all the privileges and rights of any other member, but when he is out of order he must obey the ruling of the chair.

Mr. HEAPS: That is perfectly true, but I wish to say that in all my experience in this chamber I have never seen a chairman interfere as much in the debates as the chairman at the present time.

The CHAIRMAN: Order. That is a reflection on the chair, and must be withdrawn without reservation.

Mr. HEAPS: I am sorry I cannot make that remark in the house, but I would certainly say it outside the house.

The CHAIRMAN: Order. The hon. member must conform to the rules.

Mr. HEAPS: Yes. I am quite prepared to conform to the rules—

The CHAIRMAN: I must ask him to withdraw the reflection on the chair.

Mr. HEAPS: If there is a reflection on the chair I certainly withdraw it, and all I hope is that we shall have from the chair at least that same latitude in discussion that we have always had from previous chairmen in this house.

The CHAIRMAN: That is still a reflection and must be withdrawn.

Mr. HEAPS: If it is a reflection I withdraw it entirely. I do not want to reflect on the chair in any manner whatever, but I say with all due respect that if we are to discuss income tax we have a right to discuss the incidence of income tax, how it is paid, who pays it, and whom the money comes from.

The CHAIRMAN: But the hon. member was not doing that.

Mr. HEAPS: All I was doing was referring to some remarks made about the poverty of people who cannot pay income tax. I say it is unfair to reflect on any part of the country that is not in a position to make large payments in income tax.

It has been said that reflections have been made upon industrialists. I have never attempted to make reflections on persons who pay income tax. We may criticize the tariff here and there and that is perfectly legitimate, but that is different from making disparaging remarks about people in other parts of the country.

So far as income tax is concerned, the west never did pay much even in its brightest days in years gone by, because when the west had

received an amount of money for its production, mostly from the farm, that money was transferred to the east to large corporations; and it was moneys paid to large corporations in the east who have extensive interests in the west that swelled unduly the amount of taxation shown as having been paid in Toronto or in the province of Ontario or in the province of Quebec. Take the city of Montreal in relation to income tax. There are elevators in that city, large terminals, and income tax is derived in large amounts from many of these concerns. They pay vast sums by way of income tax, but it is not on wheat and farm produce grown in and around Montreal and maintaining these elevators. Therefore, it is most unfair to say that one part of the country pays so much income tax and another part so much more. I suggest that we should try as far as possible to do away with these artificial divisions, because the economy of one part of Canada depends to a large extent upon the economy of the other; and the growth and development, with accompanying payments in income tax, in eastern Canada reflect the growth and development of western Canada. Similarly, if the farming industry in western Canada is not prosperous, if prices are low, that immediately reflects itself in the business of eastern Canada and the amount of income tax paid by eastern corporations. When conditions are bad in the east, the situation is reflected in the west.

I am one of those who prefer to try to understand the problems of the east just as I would ask the people of eastern Canada to try to understand the problems of the west. All day I have listened to interjections about the bonus paid to the wheat producer —and in this connection I realize that I am out of order this time. I will not deal with the question of wheat because I try as far as possible to keep within the rules of the house, although sometimes one has to sail pretty close to the wind on questions of the sort we have before us at the moment. All I have to say to my hon. friends, whether they come from one part of the country or the other, is that western Canada is passing through a very difficult period, and instead of casting reflections upon the people there, and making derogatory statements about them, it would be better to show them some sympathy in these difficult times.

Mr. YOUNG: I agree with what the hon. member has just said. I want to cite two classes of business which I think all hon. members will agree are not local. First, there are two transportation systems in this country. Where are the high salaries paid in connection with those systems? At the head offices, and we all know what province those head offices are in. Will any hon. member say those salaries are earned merely in that particular province, that the men at the head of those corporations receive those high salaries because the railway is in one province? The business that pays those salaries is done in all parts of Canada, and those salaries are really earned in every province of Canada. I could say the same thing in regard to life insurance companies, banks and corporations of all kinds.

Mr. HOMUTH: Compare it with the deficit of the railways.

Mr. YOUNG: If my hon. friend would keep quiet we should get along better. I could go through all these large companies and show that these large salaries paid in Quebec or Ontario are actually drawn from all parts of Canada and not only from the province where the income tax is actually paid. Is it not entirely unfair to suggest that because the taxes are paid in the east, other parts of Canada are not paying their proper share?

Moreover, if there is one tax that we can point our finger at and say that it is paid because those paying it have an income, it is the income tax. In the west we do not pay income taxes because unfortunately, owing to certain conditions which have been so often stated, we are not permitted to make the incomes that we should make. I shall soon be stopped on a point of order.

I have another thing to say to the government. I am opposed to this business of a double income tax. An arrangement should be arrived at between the federal government and the provinces whereby there would be one collection only of income tax throughout Canada. The next suggestion I have is that there should be a rebate to every part of Canada according to population, and then we shall get a just distribution of income tax, for the reason I explained a few moments ago. But it ill becomes any hon. member to try to make it appear that because income taxes are collected in certain places, the rest of this country is not paying its just proportion of the taxation of this country.

If we were having a free-for-all to-night, and if you, Mr. Chairman, were very generous, we could show definitely why it is that some parts of Canada, owing to certain laws and regulations which have prevailed over the last twenty-five years, have paid the major part of the income tax collections.

Mr. LANDERYOU: The $69,000,000 paid in Ontario and the large amount paid in Quebec are in large part a result of the contributions made to those provinces by the other sections of Canada; there is no question about that. We know, for instance, that western Canada purchased millions of dollars worth of farm machinery at high prices, and is now paying tremendous rates of interest on the payments still due; in fact, ten per cent is being charged on the overdue notes.

Mr. HOMUTH: No one contradicted that.

Mr. LANDERYOU: Then why should the hon. member cast reflections—

Mr. HOMUTH: I did not cast any reflection.

Mr. LANDERYOU: —and suggest that the east is going to pay the wheat bonus?

Mr. HOMUTH: I rise to a point of order. I did nothing of the kind. What I said was that we are continually hearing of the tribute paid to industry in Ontario and Quebec, and I said that surely these tax figures show that industry is at least taking its fair share of the burden of the whole dominion.

Mr. LANDERYOU: But it is taking too great a share of the national income—

Mr. HOMUTH: And is giving it all back.

Mr. LANDERYOU: —and it is coming out of western Canada. But the members of the Conservative party in Ontario are continually stressing that they are making great contributions to the west.

Mr. MANION: Whom does the hon. member mean by the members of the Conservative party in Ontario?

Mr. LANDERYOU: Those coming from Ontario. They are continually pointing to the fact that they are making such great contributions.

Mr. HOMUTH: No, but we object to your criticism.

The CHAIRMAN: Order. Shall the item carry?

Mr. YOUNG: I rise to another point of order. I think this committee should object to the hon. member for Waterloo South (Mr. Homuth) taking the seat of the leader of the opposition.

Mr. MANION: I gave it to him. It is not a very nice seat anyway. I shall not be here long; I shall be over there.

Mr. HOMUTH: We have that all fixed.

Mr. ROSS (St. Paul's): There is no hon. member who has greater sympathy with the west than I have. We should all act as Canadians, not criticize one part of the country from another part but all try to do our share.

Now a word for the miners. Section 89 of the Income War Tax Act exempts new producing mines from profit tax for a limited period after they come into production. A number of these new mines have been developed and brought to production by older mining companies. Section 4, paragraph (n) of the Income War Tax Act amendment of 1936 provides for exemption from income tax of dividends paid to an incorporated company by a company incorporated in Canada, the profits of which have been taxed under this act. But no exemption is given to the company receiving dividends from another company where the profits of that other company have not been taxed. In other words, the older mining companies that take the risk of developing new mining projects do not get the advantage of the exemption from taxation given to the new companies during the period in which the new companies are free from taxation under section 89. It seems to me that a simple amendment to section 4, paragraph (n) would cure the matter, and I suggest that that paragraph be amended by inserting, after the word "act" in the third line thereof the following words: "or by a company to which section 89 of this act applies during the period of such application."

Mr. ILSLEY: I am familiar with the subject matter of that suggestion, and I hope the hon. member has made it or will make it in writing to the Minister of Finance, who must take the responsibility for that type of legislation. It should be discussed prior to the presentation of the budget. Possibly the Minister of Finance will see his way clear to accept the suggestion. But this is not the occasion to discuss it.

Mr. ROSS (St. Paul's): Well I shall do that, and perhaps the Minister of Finance will read *Hansard*.

I want to bring to the attention of the committee an interesting example of the taxation paid by an industry. I have altered these figures slightly, but they are all in proportion. Here is a company which pays $1,000,000 in wages in a year. In taxes it pays $175,000 a year. That is to say, for every $100 paid to the workers it pays $17.50 in taxes, or for every $25 a week paid in wages it pays $4.37 in taxes.

Mr. ILSLEY: What taxes?

Mr. ROSS (St. Paul's): All taxes, excluding customs and excise taxes. The dominion taxes alone paid by this concern were $146,500. I put this on record to show the very high taxes that industry has to pay, and meet the competition of other countries.

Mr. ILSLEY: The amount of its taxes might be on account of the fact that it was making very high profits.

Mr. ROSS (St. Paul's): No, they are making very little profit. I have not the amount, but it is very low.

Mr. ILSLEY: They must have made about a million dollars profit.

Mr. HOMUTH: That amount of taxes would include municipal taxes, and provincial taxes and everything.

Mr. ROSS (St. Paul's): And sales tax.

Mr. STIRLING: Income tax has been collected in Canada, I think, for about twenty years, and in Great Britain for something like eighty or ninety years.

Mr. ILSLEY: It has been continuously collected in Great Britain since 1842, but William Pitt the younger had an income tax in 1799.

Mr. STIRLING: Then it has been collected continuously in England for nearly one hundred years. We do not hear as much criticism to-day as we did ten or fifteen years ago, very likely from uninformed people, who objected to paying income tax unless they were perfectly certain that their neighbour, their friend and their acquaintance also paid it. Of course the tightening up process has gone on in this country until possibly there are very few evasions to-day. One of the reasons why the income tax in Great Britain has been accepted as it has, and why it is being accepted in an improved manner year after year in Canada, is because of its secrecy. To what extent does that secrecy exist. Is it absolute? Can anybody get information from the income tax branch of the minister's department for any purpose? Can provincial governments get any information, and can even the minister himself open the files of individuals and look through them?

Mr. ILSLEY: Yes, the minister can, but I cannot remember doing it in the case of any individual. We do give some information to the provincial government.

Mr. STIRLING: Information of what kind?

Mr. ILSLEY: The cases are limited to those covered by agreements made under statute. There is a provision in the income tax act which enables us to enter into agreements with provinces for the collection of their income tax, and to give them certain information. To be absolutely accurate I would require to have the clauses of those agreements before me, but I can tell the hon. member the substance of the provision. It is that if the provincial government represents that in its opinion fraud exists in the returns made by those giving it information in respect of its laws, for example in connection with succession duties, then we agree to allow it access, at its request, to certain income tax returns, in order to enable it to enforce its laws.

Mr. STIRLING: They do not ask certain questions which are answered; they have access to the return of the individual?

Mr. ILSLEY: If the attorney general, or in some instances the provincial secretary, or some responsible minister of the government of the province with which we have an agreement, will state that there are indications that there has been fraud, and will request access to the files, we allow them to be seen. Generally speaking that is the arrangement which exists. As I say, to put it quite accurately I should have the clauses before me.

Mr. STIRLING: For instance, can the provincial secretary of British Columbia ask for a copy of an individual return?

Mr. ILSLEY: No, we have no agreement with British Columbia.

Mr. STIRLING: Then how is it done in practice? Is an accountant sent from Victoria to Ottawa?

Mr. ILSLEY: I do not think we have given the government of British Columbia any information. We do not have any agreement with that province; we do not collect their income tax for them.

Mr. STIRLING: So the arrangement exists only between certain provinces and the dominion government?

Mr. ILSLEY: Yes, only those with which we have agreements.

Mr. MANION: Some months ago, I cannot recall exactly but my recollection is that it was last summer, a question came up that, I believe, caused a good deal of irritation. It concerned the mining fraternity and was dealt with particularly by the *Northern Miner*, that mining journal of northern Ontario. I believe it had to do with section 37 (b)—

Mr. ILSLEY: Section 32 (b).

Mr. MANION: I was familiar with it at the time, and I remember that they had the impression that the mining fraternity, through legislation passed last year, were going to be unfairly treated in some of their company dealings. Has that matter been entirely straightened out to the satisfaction of both the government and the mining fraternity, because there was a good deal of complaint about it at the time and then the complaint ceased. I have been curious to learn what really happened, and I wonder if the minister would make a statement in this connection.

Mr. ILSLEY: I think the matter has been straightened out to the satisfaction of both the mining interests and the government.

Mr. MANION: Would the minister explain briefly?

Mr. ILSLEY: Yes. The amendment passed at the end of last session preserved the principle that capital gains were not to be taxed, but the *Northern Miner* became alarmed. They thought we were introducing into our system the principle of taxation of capital gains. Capital gains are taxed in the United States; they are not taxed in Great Britain or in Canada. There are a great many legal decisions as to what constitutes capital gains and what constitutes profit or income. The amendment was designed to meet an abuse. We were not introducing any new practice; we were legalizing a practice that already existed, as to the legality of which some doubt had arisen. It was not confined to mining companies in terms; mines were not mentioned at all, but the main application was to companies engaged in prospecting.

Mr. MANION: Was it also in connection with recapitalization?

Mr. ILSLEY: Yes, it did have some application there. Let us say a group decide to prospect for gold, with the intention not of mining the gold but of finding whether or not the gold is there and then selling their claim to a company that will develop and operate it. If it is clear under the law that their sole source of income is the increase in the value of the property they buy, they are regarded as primarily a trading company; they are not making their income in any other way than selling at a high price what they acquire at a lower price. Under those conditions the gain is not regarded as, and is not legally, a capital gain. It is in fact the income of that syndicate, and is taxable. Then, instead of selling that property it may be possible for them to exchange it for shares and to divide the shares among themselves, or something of that kind.

Mr. MANION: They may get a million shares out of a three million share company.

Mr. ILSLEY: Yes, and that is all the profit they make. The practice of the income tax division had been to value the shares they divided among themselves and say that was the profit they made. This section simply said that could be done, that the minister could put a value on shares that were divided in specie among shareholders or among the members of a group, and in that way the profit or income could be ascertained. But it was specifically provided in the section that it did not render taxable anything that was not legally income. It did not make a capital gain taxable. In some instances it might be a capital gain; the line is hard to draw. But it did not change that principle at all. It simply prevented what we regarded as a division in specie of property among shareholders in such a way that the gain could not be located or ascertained, that one could not find out what to tax.

Mr. MANION: Was any change made ultimately? Did the amendment that was put into force make any change, or is the law to-day exactly where it was before the amendment was passed by the house?

Mr. ILSLEY: It may have been that before the amendment was passed the minister did not have the power to value shares. It certainly made that change; the minister now can value them. I do not know exactly what the effect was. If I remember correctly, I think the point was raised, and the question was whether there was any power to place a value on them?

Mr. MANION: At any rate it is settled at the present time to the satisfaction of both parties?

Mr. ILSLEY: I would say so, as satisfactorily as anything ever is settled. There is no complaint about the section now, that I know of.

Mr. MANION: Because it is probably carried out exactly as it was before.

Mr. ILSLEY: That is right.

Mr. ROSS (St. Paul's): Is it not mostly a matter of administration? There has been no change made in the amendment, and I would understand that it is only a matter of departmental ruling and administration. There has been no change in that.

Mr. ILSLEY: No.

Mr. ROSS (St. Paul's): I have in mind one man who had actually lost some $50,000 or $60,000, but who received an assessment

notice for $3,000. Probably the minister knows about the case. It seems to me that it is a matter of administration and departmental ruling.

Mr. ILSLEY: No; the whole trouble arose over a misunderstanding of the amendment. It was feared by a great many persons that we were trying to assess capital gains. When it became apparent that we were not doing anything but what we had been doing, and that we were putting the law in such a position that there was no question as to our right to do it, that we had been taxing income in the past and were continuing to tax it, but so as to prevent distribution of shares in this way without a value being put upon them, or with a nominal value put upon them, the minister was authorized to put a fair value upon them, so that the profit could be definitely ascertained, and the taxpayer assessed. It has been carried out fairly, as it was before, and the people have ceased to be afraid.

Mr. ESLING: The minister has stated that the remittance tax comes under this item. I have spoken about that tax on one or two occasions. As hon. members know, by that remittance tax five per cent is to be paid on all remittances from dividends, royalties, interest, rentals or any other investment. But under the 1936 amendment to the act, for some reason remittance taxes on films were reduced from five per cent to two per cent.

I suppose the minister has good reasons, of which we have not been informed, for that change. But the fact remains that there seems to be a general inclination towards gratuities to the picture producing companies in the United States. One excuse offered is that the films, after having had their run in Canada, are practically useless. Another reason given is that the remittances for the rentals of these films are not profits, but are really portions of the cost of the production in the United States.

I should like hon. members to realize that the saving by reason of this exemption applies only to the large picture producers in the United States. Nobody in Canada is benefited. I take the report of the Minister of Trade and Commerce for 1937, and there I find the rentals for those films. It must be remembered that the films are not brought into Canada as positives, to any great extent. A negative comes in and from that negative several prints are made in the processing plant at Montreal. The total tax paid to the government by reason of bringing in the negatives is about $90,000. But according to the Department of Trade and Commerce, during the year 1937 the films have yielded to the film agency about $8,700,000. From that sum there was deducted for wages payable to the employees of some sixty-three film agencies in Canada the sum of $1,062,900. Then there was reserved from the $8,700,000 about thirty-five per cent to cover expenses and profits of the local film agencies. The fact remains that each year there is remitted between $4,000,000 and $5,000,000 to the picture producers of other countries.

I would ask the minister if he does not think in these strenuous days, when it is so difficult to balance the budget, and there are so many demands upon the Minister of Finance, he might give serious thought to repealing that section of the act, because it means a loss of about $150,000 a year to the taxpayers of Canada. If there is any good reason under the sun for such generosity or liberality to the picture producers in the United States the public would be interested to know about it. As I have said on previous occasions, no matter how small the investment in Canada of a resident of the United States may be, he suffers a loss of five per cent.

The claim is made that these remittances are really not dividends but they are a portion of the cost of production of the picture. Well, if a person makes an investment in Canada he certainly is contributing to the cost of production of a house, or whatever the investment may be, until he has recovered his investment. I think there is ground for considerable thought on the part of the minister and the government in reconsidering this exemption on films because it benefits only the picture producers in the United States.

Mr. ILSLEY: I shall bring the remarks of my hon. friend to the attention of the Minister of Finance (Mr. Dunning). I am very much interested in what he has said. He has spoken to me about the matter before, and he raised the point last year. It is not something that concerns me as Minister of National Revenue; it is a matter for the attention of the Minister of Finance. I shall be glad to discuss the matter with him and see that full consideration is given to the suggestion of the hon. gentleman.

Mr. COLDWELL: Could the minister give the total amount paid to his department last year by the gold mining interests of this country?

Mr. ILSLEY: That is not segregated, but it could be obtained.

Mr. COLDWELL: I was trying to obtain some idea of the revenue received from the

mining of precious metals in view of the services that we render. Perhaps at some other time I could ask this question.

Mr. MAYHEW: I am not complaining about income tax because I think it is the fairest tax we have in Canada, although I believe we think more of what we pay than of what we have left. If Ontario paid $69,000,000 she must have $200,000,000 left, which is not too bad. Could the minister tell when it is possible for a business to obtain a clearance in connection with income tax? In other words, if you are buying or selling a business how far must you go back before you can get a clearance?

Mr. ILSLEY: The matter can be settled within a reasonable time. There is no fixed time, but if a company desires to settle up with the income tax division it can do so and the matter is not reopened unless fraud is discovered. There is no clearance possible that fraud will not reopen, but apart from that I am informed there is no trouble.

Mr. MAYHEW: Could one obtain a clearance for 1937 which could not be opened up unless fraud were discovered?

Mr. ILSLEY: If a company is being wound up—

Mr. MAYHEW: Not where a company is being wound up, but where an estate has to be settled. When would one know if one was going to be clear? I understand that to-day the department is carrying on thousands of investigations which go back twenty or thirty years. Anyone who has purchased a business in the meantime may be liable to pay income tax.

Mr. ILSLEY: I suggest that the hon. member discuss the matter with the commissioner of income tax. It is a little difficult for me to discuss it without knowing the case to which he refers.

Mr. STEVENS: Could we hear a little of the interesting conversation that is going on over there? Things have been rather tiring and we should like to hear the interesting conversation on this private transaction.

Mr. ILSLEY: I am sorry. I was not saying much except that it was pretty hard to give an answer to the hon. gentleman unless I knew the particular case.

Mr. STEVENS: It was an individual case, was it not, not a question of principle?

Mr. MAYHEW: It is not an individual case when thousands of investigations are going on at the present time throughout Canada.

Mr. STEVENS: It sounded like it.

Mr. O'NEILL: I believe the income tax is one of the fairest taxes that we have in Canada because it is collected from people who are best able to pay. In my opinion one of the great troubles is that too much of the wealth is in too few hands. This schedule of income taxes goes up one per cent per $1,000 until 18 per cent is reached, and then it refers one to chapter 41 for the taxes on the higher incomes. If the schedule is correct that far, why should there be any change? If it is not correct in the lower brackets, why not change the income tax set-up and have it right from the start? The increase in taxation should continue right from the start. In other words, when you reach a certain income there should be 100 per cent tax.

The CHAIRMAN: Does the item carry?

Mr. O'NEILL: Is that an unreasonable or unfair question?

Mr. ILSLEY: I did not know the hon. gentleman was asking a question; I thought he was making a suggestion. I can tell him that there are persons in Canada who, if they were situated in a certain way, would have to pay the whole of their income in taxes.

Mr. O'NEILL: What amount of income is that?

Mr. ILSLEY: Is that not a question which should be asked privately?

Mr. O'NEILL: I am sorry if I asked an unfair question or a question which should not be asked here. It seems to me that if this schedule is right at the start there is no reason why it should not continue right along from there. If the schedule is wrong at the start, it should be corrected. There should be no difference between the low paid man and the high paid man.

Mr. COLDWELL: Is any information available as to the income taxes paid by any group of taxpayers according to the size of their incomes?

Mr. ILSLEY: Will the hon. gentleman allow that question to stand?

Item stands.

Progress reported.

HOUSE OF COMMONS

REPORT RESPECTING ORGANIZATION AND RECLASSIFICATION OF PERMANENT STAFF

The house having reverted to the order for motions.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I move, seconded by the Minister of National Revenue (Mr.

Ilsley), that the report of the civil service commission in respect of the organization and reclassification of the permanent staff of the House of Commons, together with resolution of the commissioners of internal economy, laid on the table of the house on March 20, 1939, be approved. I am told it is important that this should go through to-day.

Mr. STEVENS: What is the significance of this report? We ought to know what we are voting on.

Mr. LAPOINTE (Quebec East): There is no increase. As a matter of fact, there is a decrease of a little more than $2,000 over last year by reason of the fact that one employee has not been replaced and another one has been retired. This is just for the purpose of adjusting the salaries and paying the proper compensation for the same amount of work. It was approved by the commissioners of internal economy, and it has to go through the house.

Motion agreed to.

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

Monday, March 27, 1939

The house met at three o'clock.

STANDING COMMITTEES

CIVIL SERVICE—CHANGE IN PERSONNEL

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

That the name of Mr. Howard be substituted for that of Mr. Deachman on the select special committee of the house appointed to inquire into the operation of the Civil Service Act, and all matters pertaining thereto.

Motion agreed to.

STANDING ORDERS—CONCURRENCE IN THIRD REPORT

Mr. W. H. GOLDING (Huron-Perth) presented the third report of the standing committee on standing orders, and moved that the report be concurred in.

Motion agreed to.

VALIDITY OF ALBERTA STATUTES

TABLING OF RECOMMENDATION OF MINISTER OF JUSTICE AND CERTAIN ORDERS IN COUNCIL RESPECTING FIVE ACTS

Right Hon. ERNEST LAPOINTE (Minister of Justice): I wish to table copy of a recommendation by the Minister of Justice and two orders in council concerning five acts of the legislature of Alberta, copies of which were received by the Secretary of State (Mr. Rinfret) on the 23rd day of April, 1938.

CARRIAGE BY AIR

BILL TO GIVE EFFECT TO WARSAW CONVENTION OF OCTOBER 12, 1929

Hon. C. D. HOWE (Minister of Transport) moved for leave to introduce Bill No. 61, to give effect to a convention for the unification of certain rules relating to international carriage by air, to make provision for applying the rules contained in the said convention, subject to exceptions, adaptations and modifications, to carriage by air which is not international carriage within the meaning of the convention, and for purposes connected therewith.

Some hon. MEMBERS: Explain.

Mr. HOWE: The purpose of this bill is to give effect to the convention adopted at Warsaw, in 1929 to unify the rules for international carriage of goods and passengers by air. This convention has been adopted by Great Britain, Ireland, the United States, Mexico and practically all European countries. In view of the increase in international carriage by air it is felt that Canada should ratify this convention. The bill provides that in addition to governing international carriage by air the provisions of the Warsaw convention can by order in council be applied to carriage by air within Canada. The bill also provides for limitation of liability for loss of passengers and baggage.

Mr. CAHAN: Have copies of the Warsaw convention ever been distributed to members of the house?

Mr. HOWE: I do not know as to that, but if not, I shall be glad to see that it is done.

Motion agreed to and bill read the first time.

CANADA GRAIN ACT

INSURANCE CLAIMS—WEIGH-OVER IN TERMINAL ELEVATORS — GRAIN STANDARDS COMMITTEES — GENERAL REVISION

Hon. W. D. EULER (Minister of Trade and Commerce) moved for leave to introduce Bill No. 62, to amend the Canada Grain Act.

Some hon. MEMBERS: Explain.

Mr. EULER: This bill proposes a pretty general revision of the grain act. It involves

some seventy amendments. Most of these merely provide for changes in the method of procedure or something of the kind. I could give a fuller explanation if it were desired at this time, but in view of the fact that it is proposed that the bill be referred to a committee, probably the standing committee on agriculture, I suggest it can be more fully discussed there, especially since members of the board of grain commissioners will be present, and possibly others may be heard as well.

Motion agreed to and bill read the first time.

CANADIAN WHEAT BOARD ACT

POWERS OF BOARD RESPECTING THE MARKETING OF WHEAT—INITIAL PAYMENT OF 60 CENTS A BUSHEL

Hon. W. D. EULER (Minister of Trade and Commerce) moved for leave to introduce Bill No. 63, to amend the Canadian Wheat Board Act, 1935.

Mr. STEVENS: Explain.

Mr. EULER: This bill provides for the repeal of that part of the wheat board act which gives power to the board to make an initial payment to the producers of wheat, and substitute therefor a paragraph which gives power to the wheat board to make an initial payment of sixty cents a bushel for No. 1 northern, basis Fort William. The participation feature remains in the act. A proper conception of the implications and merits of the bill can, I think, best be obtained in conjunction with certain other legislation which is to be introduced by my colleague the Minister of Agriculture (Mr. Gardiner).

Mr. MANION: Will this bill go before a committee also?

Mr. EULER: I do not know that that has been decided upon.

Motion agreed to and bill read the first time.

PRIVATE BILLS

ANCIENT FORESTERS' MUTUAL LIFE INSURANCE COMPANY

Mr. OLOF HANSON (Skeena, for Mr. Cleaver) moved the first reading of Bill No. 55 (from the senate) to change the name of Ancient Foresters' Mutual Life Insurance Company to Toronto Mutual Life Insurance Company.

Mr. LOCKHART: May we have an explanation of this?

Mr. SPEAKER: In the absence of the hon. member who sponsors it, the bill stands.

Motion stands.

SENATE BILL—FIRST READING

Bill No. 56 to incorporate the Associated Canadian Travellers—Mr. McPhee.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

COMBINES AND TRUSTS—COST OF LIVING

Mr. CHURCH:

What action is the Department of Labour taking with respect to the present high cost of living in Canada to the working classes of the country with a view of reducing the same or controlling combines, trusts, and combinations in restraint of trade in Canada?

Mr. MacKINNON (Edmonton West): Present activities under the Combines Investigation Act include prosecution of an alleged tobacco combine and investigations into alleged combines in fruits and vegetables and shipping containers and other products. Inquiries regarding leaf tobacco and other products are pending, and attention is being given to bread and coal. Other inquiries will be made as applications are received.

CANADIAN FEDERATION OF LABOUR

Mr. NEILL:

1. In 1937, did the Canadian Federation of Labour invite the Department of Labour to examine its records of membership?

2. If so, was such an examination made, and by whom?

Mr. MacKINNON (Edmonton West): In the spring of 1937, following a conference between the acting deputy minister and other officers of the Department of Labour and the secretary-treasurer of the Canadian Federation of Labour, Mr. D. J. Sutherland of the departmental staff, on invitation of the said secretary-treasurer of the Canadian Federation of Labour, visited the head office of that organization in Ottawa and was shown certain statements of membership claimed by the organization together with certain duplicate bank deposit slips, but no examination of the records of the organization was conducted by Mr. Sutherland to establish the correctness of those statements.

COMMERCIAL RELATIONS WITH GERMANY

Mr. CHURCH:

1. Has the attention of the government been called to the withdrawal from Berlin of the British and United States ambassadors?

2. Has Canada any commercial agents in Germany? If so, where, and who are they?

3. In view of question No. 1, will the government call home these commercial agents at once from Germany, so that the world will know Canada's opinion of Germany's actions?

4. Will the government give consideration to writing into the present United States-Canada treaty a clause that the favoured nations provisos shall not apply to Germany?

Mr. MACKENZIE KING:

1. Yes.

2. The Canadian government trade commissioner, J. C. Macgillivray, Berlin.

3. The British and United States ambassadors have been called home to London and Washington, respectively, to report on the political situation. In both cases, the embassies are carrying on as usual, in Berlin, under a charge d'affaires. Trade Commissioners are not appointed to deal with political questions and the possibility of similar action does not arise.

4. It would not be possible to deal with such a question by an amendment to the United States-Canada trade treaty.

ST. HYACINTHE, QUE., CUSTOMS AND EXCISE

Mr. FONTAINE:

What were the revenues of the customs and excise office at Saint Hyacinthe, province of Quebec, during each of the years from 1928 to 1938, inclusive?

Mr. ILSLEY:

Fiscal year	
1927-28	$895,223 67
1928-29	306,710 83
1929-30	365,641 36
1930-31	206,021 93
1931-32	299,555 18
1932-33	279,665 37
1933-34	351,400 66
1934-35	432,076 81
1935-36	429,634 68
1936-37	597,518 46
1937-38	679,941 66

CANADIAN NATIONALS IN GERMANY—QUESTION OF RECOGNITION OF GERMAN CONQUESTS

Mr. CHURCH:

1. How many Canadian nationals of German extraction in December, January and February, last, asked for passports to visit Germany or to go through other European countries to go to Germany?

[Mr. McKinnon.]

2. What is the purpose of their visits abroad?

3. Will the government enforce the Foreign Enlistment Act if these are going to enlist in Germany or for German aggression?

4. Will any amendments be made to existing statute law to prevent these migrants ever returning to Canada in the future at any time?

5. Has Canada recognized or been asked to recognize the illegal conquest by force by Germany of Czecho-Slovakia, Austria, the Rhine, Hungary and other nearby nations contrary to international law and treaties?

6. Will any correspondence in relation thereto be tabled?

Mr. MACKENZIE KING:

1. In the months of December, January and February, last, 72 Canadian nationals, apparently of German extraction, were accorded passport facilities for visits abroad, including Germany. Of these 72 Canadians, 41 were men, 17 women and 14 children. Of the 41 men, 7 were under the age of 30.

2. In all but two cases the purpose of the journey was stated to be "making a visit." One applicant stated that he desired to reside permanently and another that he was travelling on business.

3. There is no indication that the hypothetical case set forth in the question has arisen. If it had arisen, the Foreign Enlistment Act would not be applicable, in the present situation.

4. No occasion has arisen for legislative action and no amendments to existing statute laws are in contemplation. If an occasion arose, it could be adequately dealt with under existing legislation.

5. As regards Austria, there has been *de facto* recognition of German sovereignty, on the part of Canada as of other countries. No action has been taken as regards Czecho-Slovakia.

No information has been received with regard to the conquest by Germany of the Rhine or of Hungary.

6. It is not the present intention to table correspondence in relation to these matters.

PROTESTS AGAINST CANADIAN PARTICIPATION IN FOREIGN CONFLICT

Mr. GARIEPY:

1. Has the Right Honourable the Prime Minister, or the government, received from nine societies a telegram expressing absolute opposition of the population of the province of Quebec to Canada's participation in a foreign conflict, such societies being: the St. Jean Baptiste Society of Montreal, in the name of the St.

Jean Baptiste Societies of Quebec and Ontario; La Ligue d'Action Nationale; the Catholic Farmers Union; the French Canadian Young Patriots; the Canadian Confederation of Catholic Workers; the central council of the National Catholic Syndicates of Montreal; the Alliance of Catholic Professions of Montreal; the Catholic Association of French Canadian Youth (A.C.J.C.)?

2. If so, what answer has been given to that telegram?

3. Is it the intention of the government to lay both the telegram and the answer before the house for consideration?

Mr. MACKENZIE KING: A copy of the telegram referred to, and the reply to the same, are as follows:

Canadian National Telegram

MOA 207 150 NL 65 Extra 1/67
FD Montreal, P.Q. 21

1939 Mar 21 PM 8 11

The Right Hon. William Lyon Mackenzie King
Ottawa, Ont.

Delegates of the undermentioned associations called together in urgent meeting in Montreal and justifiably alarmed by the statements of Messrs. Manion, Hepburn and King and by the resolution adopted in the Ontario Legislature, consider any declaration of joint action with London in European affairs as greatly imperiling Canadian unity, as contrary to the interests of Canada and to her status as a free state, and wish to advise the King government that the people of the province of Quebec remain flatly opposed to Canada's participating in any foreign wars.

La Société Saint-Jean-Baptiste de Montréal on its own behalf and on behalf of the Sociétés Saint-Jean-Baptiste in the provinces of Quebec and Ontario;

La Ligue d'Action nationale;

L'Union catholique des cultivateurs;

Les Jeunesses patriotes du Canada français;

Le Bloc Universitaire;

La Confédération des Travailleurs catholiques du Canada;

Le Conseil central des Syndicats catholiques de Montréal;

L'Alliance catholique des Professeurs de Montréal; sections masculine et féminine;

L'Association catholique de la Jeunesse canadienne-française.

Ottawa, 22nd March, 1939.

The Secretary,
La Société Saint-Jean-Baptiste de Montréal,
1182 St. Lawrence Blvd.,
Montreal, P.Q.

Mr. Secretary,

I wish to acknowledge receipt of the telegram you forwarded to me on behalf of the Société Saint-Jean-Baptiste de Montréal and of several other organizations, concerning Canada's stand with regard to the present international situation.

You may be sure that I shall not fail to acquaint my colleagues in the government with the representations you have submitted.

Very sincerely yours,
W. L. Mackenzie King.

RADIO LICENCE FEES

Mr. HARRIS:

How many radio licence fees were paid in each of the following provinces: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island, during the years 1936 and 1937?

Mr. HOWE:

Province	Licences issued during fiscal year 1936-1937	1937-1938
British Columbia	91,978	100,251
Alberta	72,458	75,843
Saskatchewan	68,193	62,636
Manitoba	69,861	73,099
Ontario	424,126	445,867
Quebec	240,105	268,650
New Brunswick	27,253	29,956
Nova Scotia	40,938	43,321
Prince Edward Island	3,282	4,198

MAYNE ISLAND, B.C., WHARFINGER

Mr. TAYLOR (Nanaimo):

1. Who appointed Geoffrey L. Wheatley as Mayne island wharfinger?

2. When was he so appointed?

3. When was his appointment made known to the department?

4. Did the minister confirm his appointment retroactive to March 28, 1938?

Mr. HOWE:

1. The Minister of Transport.

2. March 16, 1938.

3. March 16, 1938.

4. His appointment was not made retroactive. He took over the duties March 28, 1938. He resigned April 19, 1938.

CANADIAN BROADCASTING CORPORATION—TALKS BY MINISTER OF MINES AND RESOURCES

Mr. CLARKE (Rosedale):

1. Did the Minister of Mines and Resources deliver a series of radio talks over the national network of the Canadian Broadcasting Corporation?

2. If so, how many talks did he give?

3. Were the broadcasts paid for by the government?

Mr. CRERAR:

1. Yes.

2. The following is a list of the talks in question—

1935-36

1. The Development of Canada's Mineral Resources.

2. The Lure of Gold Pushes Back Canada's Northern Frontiers.
3. Northern Mining Forges New Link between Eastern and Western Canada.
4. The Nature and Distribution of Canada's Gold.
5. The Role of the Mining Industry in Creating Employment.
6. The New Traffic that Mines are Creating for Canadian Railways.
7. The Industrial Metals in Canada's Mining Industry.
8. Metal Mining in British Columbia and Yukon.
9. Canada's Mineral Industry in its Relation to National Welfare.
10. The International Importance of the Canadian Mineral Industry.
11. The Non-Metallic Minerals in Canada's Mining Industry.
12. An Epitome of the Mining Industry in Canada.

1936-37

1. Some of the Natural Resources of Canada.
2. Canada's Forest Wealth.
3. The National Parks of Canada.
4. The Indians of Canada.
5. The Resources of the Northwest Territories.
6. Canada's Gold Mining Industry.
7. Canada's Base Metal Industry.
8. Canada's Non-Metallics Industry.
9. Canada's Wealth in Water and Water-Powers.
10. The Development and Conservation of Canada's Natural Resources.

1937-38

1. The Future of Canada's Gold Industry.
2. Base Metals, and the Increasing Diversity of Canada's Mining Industry.
3. The Economic Advantages of Mining to Canada.
4. Recent Developments in Yukon and the Northwest Territories.
5. The Prospector—His Place in Canada's Mining Industry.
6. Canada's Forest Industry—Its Place in Our National Economy.

1938-39

1. Five Years of Canadian Mining Progress.
2. Canada's Forest Estate.
3. The Rehabilitation of our Indian Wards.
4. National Parks and Historic Sites.
5. The Resources of Canada's Western Northland.
6. The Development of Canada's Oil Resources.

3. No.

[Mr. Crerar.]

POST OFFICE PUBLICATION: THE MODERN MERCURY

Mr. CLARKE (Rosedale):

1. Has the Post Office Department issued a publication entitled "A Modern Mercury"?
2. If so, how many copies have been printed, and to whom have they been distributed?
3. What was the cost of preparing, printing and distributing this publication?
4. For what purpose was the publication prepared?

Mr. McLARTY:

1. Yes.
2. 71,500—Schools, colleges and other educational centres, through the cooperation of provincial departments of education. Public libraries. Boards of trade and chambers of commerce. Select list of representative business men.
3. $7,513.32.
4. The publication is part of the regular publicity activities of the department and was designed to bring about a better understanding of the postal service with a view to securing cooperation and a wider use of postal facilities.

MACKAY'S POINT, N.S., WHARF

Mr. MacNEIL:

1. What was the total amount of expenditure for repairs to the government wharf at MacKay's point, Victoria county, Nova Scotia, during the period January 1, 1938, to February 1, 1939?
2. What amount was expended for materials?
3. What amount was expended on labour costs?
4. What was the rate of remuneration for the foreman in charge when such repairs were underway?

Mr. CARDIN:

1. $399.35.
2. $186.80.
3. $212.55.
4. $4.50 a day.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PUBLIC DEBT

Mr. THOMPSON:

What was the total debt of the dominion government, including the railway debt, on March 31, of each of the years 1914, 1920, 1930, 1935, and 1938?

Mr. FONTAINE:

1. What was the debt of Canada as at March 31: (a) 1911; (b) 1921; (c) 1930; (d) 1935?
2. What is the debt of Canada at the present time?

IMMIGRATION

Mr. FONTAINE:

1. How many immigrants were admitted into Canada, each year: (a) during the period from October 10, 1911, to December 29, 1921; (b) during the period from December 29, 1921, to August 1, 1930?

2. What amounts were expended by the government for immigration purposes, each year: (a) during the period from October 10, 1911, to December 29, 1921; (b) during the period from December 29, 1921, to August 1, 1930?

BANK DEBITS, PAPER MONEY, GOLD HOLDINGS AND EXPORTS

Mr. MARSHALL:

1. On what authority, at what times, in what amounts, and for what purposes has paper money been issued by the: (a) Dominion of Canada since confederation; (b) Bank of Canada since incorporation; (c) chartered banks since act passed eliminating their issue by 1946?

2. What are the particulars surrounding the issue of $35,000,000 about 1934?

Mr. MARSHALL:

1. What is the amount of: (a) bank debits to individual accounts in Canada for the month of December, 1938; (b) paper money authorized and in circulation, shown separately, in the same month, and how much of it Dominion of Canada, Bank of Canada, and chartered bank issue?

2. What was the percentage of: (a) paper money in circulation to question 1 (a); (b) gold held by the Dominion of Canada and Bank of Canada, shown separately, in proportion to question 1 (a) and (b).

3. How much gold, and at what value per ounce, was exported each year from 1929 to 1938 inclusive?

4. Why is the gold produced in Canada exported and not stored by the government?

PRAIRIE PROVINCES DROUGHT RELIEF

Mr. HAYHURST:

What was the total federal assistance towards drought relief in each of the prairie provinces for the years 1934, 1935, 1936, 1937 and 1938?

DEBT CANCELLATION IN SASKATCHEWAN

Mr. HAYHURST:

1. What was the total amount of federal debt cancellation that became effective in Saskatchewan in each of the years 1935, 1936, 1937 and 1938?

2. What was the amount of corporation (mortgage and trust company) debt cancellation in Saskatchewan for the same years?

MOTIONS FOR PAPERS

RADIO BROADCASTING—PROGRAMS SPONSORED BY QUEBEC BREWERIES OR WINERIES

Mr. GAUTHIER:

For a copy of all correspondence, letters, telegrams and other documents exchanged between the government, the Canadian Broadcasting Corporation and any other persons, associations, provincial governments or others with respect to radio programs sponsored by breweries or wineries in the province of Quebec.

Mr. HOWE: The correspondence asked for is exceedingly voluminous. Had the hon. member been here I would have suggested that he allow this notice of motion to stand and that he visit the broadcasting corporation and select the pertinent material. I am also going to suggest that as the regulation referred to has been varied, possibly he would now wish to drop the motion.

Motion stands.

L. H. BEER

Mr. STEVENS:

For a copy of the order in council appointing the late L. H. Beer, salvage officer, together with a statement showing the duties performed by the said appointee.

Mr. STEVENS: I would suggest that this motion be dropped.

Motion dropped.

INTERNATIONAL AFFAIRS, CANADIAN AND EMPIRE DEFENCE

Mr. CHURCH:

For a copy of all telegrams, agreements, orders in council, letters, cables and other documents exchanged between the government of Great Britain and the government of Canada, with reference to international affairs, defence and empire defence, during the years 1938 and 1939, including all documents in relation thereto since the last white paper was issued by the government.

Mr. MACKENZIE KING: Mr. Speaker, the tabling of all communications between the government of Great Britain and the government of Canada with reference to international affairs and defence during the years 1938 and 1939 would of course require the consent of the government of the United Kingdom. Such consent would not be given for the publication at the present time of documents containing references to the position and attitude of other countries, and the Canadian government would not consider it reasonable to request it.

TELEPHONE RATES AND TOLLS INQUIRY

Mr. CHURCH:

For a copy of all letters, correspondence, orders in council, telegrams, resolutions and

other documents exchanged between the government of Canada or the Minister of Transport, or any officer, the board of transport commissioners, and the Bell Telephone Company of Canada, regarding an inquiry into the reduction of telephone rates and tolls in Canada, showing what action has been taken and when; what hearing there has been or witnesses examined, and including a copy of information given to the acting minister, the Honourable Mr. Ilsley by the department in the matter, as announced by the said acting minister in the house on Wednesday, March 22.

BUSINESS OF THE HOUSE

STATEMENT OF PRIME MINISTER AS TO FURTHER LEGISLATION—DISCUSSION ON EXTERNAL AFFAIRS—EASTER RECESS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend the leader of the opposition (Mr. Manion) asked me last week if I would indicate to the house what further legislation would likely be brought down during the present session. I intimated to my hon. friend that I would endeavour to do so to-day.

Hon. members will have noticed that since the question was addressed to the government a number of measures have been added to the order paper, and on the order paper of to-day, under introduction of bills and government orders, will be found most of the legislation remaining to be dealt with at the present session. So far as I have been able to ascertain, the following are the only additional bills likely to be introduced:

Bills respecting: Live stock and live stock products; cheese and cheese factory improvement; agricultural products cooperative marketing; cattle and beef marketing.

A possible amendment to the Dairy Industry Act.

A bill providing for the constitution of a salt fish board.

Two minor amendments to the Meat and Canned Foods Act.

A bill respecting official secrets.

A bill making provision for the sealing of royal instruments.

Certain amendments to the criminal code.

Probably a bill concerning the office of Chief Justice of Canada.

Possible amendments to the National Revenue Act.

A bill respecting the Toronto harbour commissioners.

[Mr. Church.]

A bill to give effect to the provisions of a convention with the United States providing for emergency regulations of the level of Rainy lake and other boundary waters.

A government bill respecting interest on small loans will be introduced in the senate. Other measures from the Department of Finance include a bill to create a mortgage rediscount bank, a Canadian National railway financing and guarantee bill, and a bill to amend the Gold Clause Act.

It is necessary to mention, in addition, possible legislation in the nature of amendments to existing acts arising out of the budget; possible minor amendments to some other existing acts, and such legislation as may arise out of the recommendations of special standing committees. There are also the supplementary estimates.

I think that gives the program very completely. Something may arise of which I have not knowledge at the moment, but so far as I have been able to ascertain, the house now has before it the legislative program for the remainder of the session.

Hon. R. J. MANION (Leader of the Opposition): The program certainly seems a fairly liberal one, using the word not in its political sense. I should like to ask the right hon. gentleman if he will state what day is likely to be set aside for the discussion of the international crises through which we have passed since last September. A week or two ago I believe the right hon. gentleman told one of the members from Toronto, the hon. member for Broadview (Mr. Church), that he would deal with the matter shortly, and I should be glad if he would inform the house when he is likely to do so.

Mr. MACKENZIE KING: I hope to be able to make a statement concerning external affairs which will take in the matters to which my hon. friend has referred and, in a comprehensive way, other matters which I think hon. members will wish to discuss under that heading, some day this week. I should like to be able to promise it for Wednesday, but I think it may be Thursday, and I may even have to wait until next week. If I can possibly manage it I shall have a statement ready for Thursday of this week.

Mr. MANION: If I may be permitted, I think Wednesday would be a bad day, because I expect that a number of hon. members will wish to take part in the discussion, and on a Wednesday they would not have an opportunity to do so. The day selected should be a full day.

If I might ask one further question, has the right hon. gentleman given any thought to the question of the length of the Easter adjournment, which will take place within a week or ten days?

Mr. MACKENZIE KING: I have given some thought to it. Frankly, if it were desired by hon. members generally to have quite a short recess, in view of the possibility of hastening the work of the session, the government would propose that we adjourn on the Thursday night before Good Friday and resume on Tuesday. Unless I receive some indication to the contrary, I will place a motion to that effect on the order paper.

Mr. POULIOT: Would the leader of the opposition tell the house what matters are particularly interesting the hon. member for Greenwood (Mr. Massey)?

Mr. SPEAKER: Order.

WAYS AND MEANS

CANADA-UNITED STATES TRADE AGREEMENT

The house in committee of ways and means, Mr. Sanderson in the chair.

On schedule I:

Customs tariff—ex 520. Raw cotton and cotton linters not further manufactured than ginned; waste wholly of cotton unfit for use without further manufacture: free.

Mr. HARRIS: Would the minister be good enough to give the imports under this item, which I think he will agree are very heavy? Further, how much of this $22,000,000 of imports comes in from the United States, how much from Egypt, how much if any from India; and does the excise tax provision apply on the imports—

Mr. DUNNING: Let me give the figures first.

Mr. HARRIS: I thought one statement might cover the whole question.

Mr. DUNNING: In 1938 our total imports of raw cotton, not further manufactured than ginned, were valued at $17,400,000, in round figures. Of that amount $58,000 worth came from the United Kingdom, $16,900,000 worth from the United States, $378,000 worth from Egypt and $42,000 worth from British India. Also under this item we imported cotton linters, not further manufactured than ginned, to a total value of $414,000, of which $395,000 worth came from the United States.

Mr. HARRIS: That covers my first question. My second question is this: Is excise tax ordinarily applied on the imports from Egypt.

Mr. DUNNING: Yes.

Mr. HARRIS: And an excise tax of three per cent against the very heavy importations valued at $16,900,000 from the United States?

Mr. DUNNING: Yes.

Mr. HARRIS: There is no excise tax on the imports from British India?

Mr. DUNNING: No.

Mr. HARRIS: The observations I wish to make at this time are somewhat similar to those which have been made. In this instance they apply more particularly to the excise tax, and to loss of revenue which will result to Canada from the passing of the legislation. We will relieve the Canadian importer from paying the three per cent excise tax on imports valued at $16,900,000. In other words, Canada has made a trade gift of a half a million dollars on this particular item.

Mr. DUNNING: To whom?

Mr. HARRIS: Both ways, but much more so to the impoverishment of the Canadian treasury. In charge of that treasury at the present time is an administration following in the footsteps of the Fielding Liberals, who for years enunciated in the house the doctrine of revenue taxation with which to run the country. To my mind this half million dollars on cotton could be considered a tax of a kind which would meet with the approval of the Fielding Liberals, who believed they must have revenue from taxation of this kind rather than give tariff protection. I admit there is an element of protection in that three per cent, and I admit what is in the mind of the minister right now, that cotton goods might eventually cost the Canadian consumer a little less—but not a great deal.

As to the other question I had in mind, I doubt very much whether I shall receive an answer to it. I say that because now we have the spectacle of the Minister of Trade and Commerce handling the section of the treaty which has to do with the concessions the United States have given us—I use the word "concessions" because the Prime Minister used it. The Minister of Finance has to answer for the so-called concessions we have given to the United States. Even though the dollar value in straight duty concessions is two to one against us, when we come to consider the free items we find that there will be far less revenue to the dominion treasury after the excise tax provision is done away with. I have studied the many answers

which have been given, but still I cannot see what concessions Canada has received to offset the eventual removal of the three per cent excise tax in respect of these free items. I do not know what we are going to get back for the half million dollars we are giving with this particular concession. I know what the minister's answer will be, but I want to discharge my responsibility and to go on record as saying that this is a departure from the tariff-for-revenue policy, which was part and parcel of the 1919 platform of the Liberal party. It will make it more difficult for those who follow the Minister of Finance in years to come to balance the budget. I do not know of any provision which has been made to balance the equation with Egypt on the one hand and to assist the British empire trade from India on the other. To my mind the three per cent narrowed the preference with British India, which is really an evasion of the spirit of the 1932 trade agreement. This is another one of the trade gifts from the treasury of Canada which in the aggregate will amount to a million dollars a month.

Mr. DUNNING: My answer as to cotton is that this concession from the treasury is a concession to the Canadian consumer. Cotton is not produced in Canada. There is no element of protection whatsoever in the item as it now stands. The dropping of the three per cent on this item will therefore be considered a concession by those who use cotton.

Item agreed to.

Customs tariff—522. Rovings, yarns and warps wholly of cotton, not more advanced than singles, n.o.p.: 15 per cent, and three cents per pound.

Item agreed to.

Customs tariff—522c:

(i) Rovings, yarns and warps wholly of cotton, including threads, cords and twines generally used for sewing, stitching, packaging and other purposes, n.o.p.; cotton yarns wholly or partially covered with metallic strip, generally known as tinsel thread: 20 per cent and three cents per pound.

(ii) Cotton yarns, wholly covered with a double layer of metallic strip in single strand only, when imported by manufacturers for use exclusively in the manufacture of electrical conductors, in their own factories: 15 per cent.

(iii) Sewing thread, wholly of cotton, on spools, not to exceed 250 yards on one spool: 22½ per cent.

Item agreed to.

Customs tariff—522d. Yarns and warps wholly of cotton, mercerized, number forty and finer, imported, under regulations prescribed by the minister, for sale to manufacturers, to be further manufactured in their own factories: 22½ per cent.

Item agreed to.

[Mr. Harris.]

Customs tariff—522e. Cotton sewing thread yarn and crochet, knitting, darning and embroidery yarn, in hanks, when imported by manufacturers for use exclusively in their own factories in the manufacturing or spooling of cotton sewing thread and crochet, knitting, darning and embroidery cottons: 12½ per cent.

Item agreed to.

Customs tariff—ex 523. Woven fabrics, wholly of cotton, not bleached, mercerized nor coloured, n.o.p.: 17½ per cent, and three cents per pound.

Item agreed to.

Customs tariff—ex 523; ex 532. Cotton bags, seamless or not: 27½ per cent.

Item agreed to.

Customs tariff—523a. Woven fabrics, wholly of cotton, bleached or mercerized, not coloured, n.o.p.: 20 per cent and three cents per pound.

Item agreed to.

Customs tariff—ex 523b. Woven fabrics, wholly of cotton, printed, dyed or coloured, n.o.p.:

(i) Valued at more than 80 cents per pound: 20 per cent, and three cents per pound.

(ii) Valued at 50 cents or more but not more than 80 cents per pound: 25 per cent and three cents per pound.

(iii) Valued at less than 50 cents per pound: 27½ per cent and three and a half cents per pound.

Item agreed to.

Customs tariff—ex 523b. Woven fabrics, wholly of cotton, commonly known as denims, when imported by manufacturers for use in their own factories in the manufacture of garments: 20 per cent and three cents per pound.

Item agreed to.

Customs tariff—523c. Woven fabrics wholly of cotton, composed of yarns of counts of 100 or more, including all such fabrics in which the average of the count of warp and weft yarns is 100 or more: 27½ per cent.

Item agreed to.

Customs tariff—ex 532; 532b; ex 573. Enamelled carriage, shelf and table oilcloth; woven fabric wholly of cotton, for covering books; fabrics, wholly of cotton, coated or impregnated, n.o.p.: 30 per cent.

Item agreed to.

Customs tariff—ex 532. Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly of cotton, n.o.p.: 30 per cent.

Mr. HEAPS: Has the minister received any protests from manufacturers of clothing and other articles in connection with this particular item?

Mr. MacNICOL: Protests at the present time are wholly useless.

Mr. DUNNING: I have no recollection of any protest. I have asked if my officers have any recollection of any, and they say they have not.

Mr. HEAPS: I have had some.

Mr. DUNNING: There is no change in the item of course.

Mr. HEAPS: There is a change in item 548, then.

Mr. DUNNING: Well, we have not come to that yet.

Mr. HEAPS: They are so nearly similar, one might make a mistake.

Mr. DUNNING: Perhaps the hon. member would make his observations on item 548.

Item agreed to.

Customs tariff—532a. Handkerchiefs, wholly of cotton: 30 per cent.

Item agreed to.

Customs tariff—548. Clothing, wearing apparel and articles, made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of vegetable fibres but not containing wool, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of vegetable fibres but not containing silk, artificial silk nor wool, n.o.p.: 30 per cent.

Mr. HEAPS: Perhaps I could again put the question I put before.

Mr. DUNNING: I do not remember any protests made in connection with this item. There may have been the odd one, but there was nothing that impressed itself on my mind.

Mr. HEAPS: I received protests from both organizations and manufacturers with regard to this item.

Mr. DUNNING: In connection with what products?

Mr. HEAPS: Ladies' dresses.

Mr. DUNNING: That is number 567. We are on 548, diapers and collars and cuffs.

Mr. COLDWELL: These items deal with various types of textile goods, do they not?

Mr. DUNNING: We are now on the textile schedule of the tariff.

Mr. COLDWELL: I should like to protest against the tariff on textiles.

An hon. MEMBER: Why?

Mr. COLDWELL: Two or three years ago a royal commission inquired into the textile industry, and the revelations then made were such as to warrant this committee examining into the whole basis of the industry in relation to the protection it receives. I submit that I speak for a large number of people who have to buy textiles. During the past few years I have had the opportunity from time to time of comparing the prices of goods of similar kind and quality on both sides of the international boundary. For instance, take overalls, something which affects nearly every workingman.

Mr. MacNICOL: He cannot buy them if he has no money in his pocket.

Mr. COLDWELL: He cannot buy them if he has no money in his pocket, but the purchasing power of the people who happen to have some money in their pockets is seriously cut down by the duties imposed on articles such as this.

Mr. DUNNING: It is difficult to generalize in connection with textiles, because each of these items really stands on its own feet. We cannot generalize with respect to the rates of duty applicable; they vary widely. If my hon. friend wishes to talk about overalls, it would facilitate the discussion if he would wait until the overall item is under consideration.

Mr. COLDWELL: I have endeavoured to facilitate the business of the committee by not rising as each item came up.

Mr. DUNNING: I have no complaint at all.

Mr. COLDWELL: I could have risen on any number of items. If the minister wishes, I can rise and say something on each item. I wanted to refer to that particular case, and I realize it is not covered by this item. We pay from $2 to $3 for a suit of overalls, and I have seen the same type and quality of garment being sold on the other side for from $1 to $1.25. As a matter of fact, I have a suit of overalls which I bought across the line for comparative purposes which cost me 69 cents for the pants and 69 cents for the smock. These are matters of concern to the people of Canada. There are those of us who feel that this industry has extracted large sums of money from the people by way of increased prices under a protective tariff. I do not want to discuss this matter at length, but I wish to protest on behalf of the people whom I represent in this parliament.

Mr. HOMUTH: Hon. members rise to discuss textiles generally, but they forget that there are many kinds of textiles. For instance, there are woollen textiles, worsted textiles, cotton textiles, rayon textiles and many other types. Because certain things were brought

out by the Turgeon commission there has been a general condemnation of the textile industry. If hon. members will examine the financial statements of the woollen textile industry they will find that many of the claims made against that industry on the floor of this house have been absolutely without foundation. The fact of the matter is that during the worst years of the depression the woollen textile industry proved to be the greatest boon in the matter of employment. In spite of the protection they received, the products of this industry were purchased by the consumer of Canada at a lower price than they had in twenty-five years, a condition which was brought about by internal competition in the industry. When we are dealing with textiles we should be fair and discuss the particular category to which we wish to refer. To-day the woollen industry is suffering seriously as the result of importations. Sixty-four per cent of all woollen worsteds used last year were imported.

Mr. DUNNING: May I suggest to my hon. friend that he follow his own suggestion? We are on a cotton item. While his remarks would be very effective on a woollen item, I think he would be the first to recognize that there is a great difference between the different branches of the textile industry. I suggest that he defer his most useful remarks until we get to woollens.

Mr. HOMUTH: If hon. members who stand in their places and condemn the textile industry would give a little thought and study to the Turgeon commission report, they would realize that there are various categories into which that industry is divided.

Mr. COLDWELL: I waited to discuss this particular matter until we reached an item containing the words "not containing wool."

Mr. CAHAN: What are the importations under this item?

Mr. DUNNING: They are under a number of heads.

Mr. CAHAN: Could I also have the volume?

Mr. DUNNING: The importations from the United States last year of collars and cuffs of vegetable fibre amounted to 60 pounds, and were valued at $117. The importations from the United States of diapers, quilts and counterpanes of vegetable fibre amounted to 10,800 pounds, valued at $6,900; fabrics, coated or impregnated, of vegetable fibres, n.o.p., imports from the United States, 67,000 pounds, valued at $33,000; clothing and wearing apparel of vegetable fibres, imports from the United States, 30,000 pounds, valued at $55,800; textile manufactures of vegetable fibres, imports from the United States, 491,900 pounds, valued at $292,000.

That completes the item. We have also some exports under that item, but I suppose my hon. friend is not interested in the exports.

Mr. CAHAN: Not at present, but I am interested in following up the figures the minister has given me. I endeavoured to locate certain figures in the current trade returns, but it was impossible for me to ascertain from that source either the volume or the value. Has the minister any computation of the volume of domestic production from vegetable fibres?

Mr. DUNNING: Unfortunately we cannot separate them. The only one that is separated in the bureau of statistics is cotton. That leaves jute, wool, silk and artificial silk all together.

Mr. CAHAN: Can the minister give an approximate estimate of the value of importations of products of vegetable fibres, and of the value of the production in Canada? I am simply anxious to ascertain whether the importation is sufficiently large to prejudice the production here. Or is it of such a nature as merely to ensure competition which will serve to limit prices rather than to curtail the volume of domestic production?

Mr. DUNNING: On that particular item I would answer in the affirmative, but I can have the totals of each one of these items of Canadian production made up. It will take a little time, but I will give my hon. friend the information when I get it.

Mr. CAHAN: I still think it would help us very much if we had the import figures and the value. The Minister of Finance has given us a tabular statement of rates, but it is almost impossible for an hon. member to compute the volume, as the minister would admit, if he saw the computations which I have made and appreciated the time I have spent going through the entire tariff and trade returns to get the information. It requires a great deal of labour. I think a member of the house should be spared that extraordinary work when the minister and his officers have in their hands a complete statement with regard to the several classifications and the imports under those classifications.

Mr. DUNNING: I can only say that I come here with five complete bound volumes of various kinds of information which I and my officers think may be asked for, and

which include such separations as we are able to get from the bureau of statistics. I did not arrange to have included even in my own notes the totals under these items, because you cannot add silk and cotton together and make it mean anything. That is the real trouble.

Mr. CAHAN: No, I was not asking for that. I was dealing with vegetable fibres and products manufactured from vegetable fibres.

Mr. DUNNING: We shall see what we can get.

Mr. CAHAN: The minister knows that for the province of Quebec the production of manufactures of vegetable fibres is very important indeed. I am not going to enter upon a discussion of textiles, but I would say to my western friends that there must be give and take in imposing a general tariff, and I am sure if they will look into the facts they will not agree to wiping out an industry which gives the greatest amount of employment of any single industry in a great province like Quebec.

Mr. HARRIS: I should like to add a word to what the hon. member for St. Lawrence-St. George has just said. The imports under this particular item of wearing apparel made from vegetable fibres were, in 1935, $254,000, and that increased in the year just closed, 1937, to $396,000. Taking the preceding item, the imports of cotton clothing and cotton textile manufactures increased from $589,000 in 1935 to $980,000 in 1937; imports of fabrics wholly of cotton increased from $520,000, in 1935, to $992,000 in 1937; imports of woven fabrics wholly of cotton, bleached or mercerized, increased from $889,000, in 1935, to $1,438,000 in 1937; and the imports under item ex 523, woven fabrics wholly of cotton, not bleached, increased from $512,000, in 1935, to $1,341,000 in 1937. That is to say, the imports under each item almost doubled since 1935.

My reason for rising at this time is again to point out that this is an industry which was reestablished at the so-called Bennett emergency session of parliament, and the return brought down by the national employment commission reflects the effects in increased employment of the measure of protection embodied in that legislation. If one looks at the returns of the national employment commission and takes into consideration the average increase of population, which since 1929 has been 9·96 per cent, one observes that there is an increase of 11,234 people employed in the textile industry over the number employed previously to the implementing of the legislation which was passed at that emergency session.

Mr. CAHAN: That many more people are employed in factories?

Mr. HARRIS: Yes, in textile factories. I am taking the figures in the Purvis report under the heading of Fibres, Textiles and Their Products. When you consider the increase in population, which is taken on a basis of ten per cent in ten years, you find that there are 11,234 more people working in the textile industry to-day than were employed in that industry prior to the enactment of the 1930 legislation.

Of all the things Canada needs at the present time it is that we should all get together, entirely apart from political considerations, and see if we cannot get our people back to work. Here is an outstanding example of an industry in which close to 12,000 more of our Canadian people are being employed. I have every sympathy with the consumer in the cost of this material. I know the consumer is very much concerned. Any one of us, if forced to do it, could make observations from the point of view taken by my hon. friend who has just left the chamber; but should we not, Mr. Chairman, have as our first consideration the fact that a great number of our people in Canada are now unemployed, that 157,000 are now looking for jobs? Twenty thousand have been taken care of by primary industry in its expansion, I will admit; but there has been a shrinkage of 157,000 in the number of people engaged in secondary industry. Here is one of the very few major secondary industries in this country in which there has been a substantial improvement in employment since 1930.

Then we come to the 1935 agreement, and we see an increase in the importations, which, I think the Minister of Finance will agree, have practically doubled in the last three years, the real reason being the 1935 agreement. Now we have consummated another trade agreement which went into effect on January 1, 1939, and if we add the cumulative effects of the last three years to what is going to take place in the next three, it is difficult to come to the conclusion that there will be any real expansion of employment in this country. My main point is that these three very important departments, labour, commerce and finance, do not seem to be characterized by any cohesion or cooperation or correlation with respect to unemployment. In spite of the Turgeon report and the free trade philosophy

enunciated at the present time, I still believe that we should look at this matter from a business point of view and endeavour to do everything we can to extend the possibilities of employment in Canada.

Item agreed to.

Customs tariff—ex 552. Felt, splint for use in making moulded splints for medical purposes, 10 per cent.

Item agreed to.

Customs tariff—ex 553. Household blankets, wholly of cotton, not to include horse blankets, automobile or steamer rugs, or similar articles: 20 per cent and 5 cents per pound.

Mr. CAHAN: What is the production in Canada, and what was the importation last year?

Mr. DUNNING: This is only blankets of cotton. The imports from the United States last year were $1,500 in value. The last complete year for which we have production is 1936, and our home production was then $1,849,000.

Mr. HOMUTH: Were there any imports of cotton blankets from Japan?

Mr. DUNNING: No. The total imports from all countries last year were only $3,000.

Item agreed to.

Customs tariff—ex 555. Clothing, being women's and children's outer garments, wholly or in part of wool or similar animal fibres, but of which the component of chief value is not silk nor artificial silk: 32½ per cent.

Mr. HOMUTH: This item has to do with cloth of which wool is one of the contents.

Mr. DUNNING: Outer garments made from wool, not the cloth itself.

Mr. HOMUTH: That is more serious, because if the cloth comes in we have at least the privilege of manufacturing it into outer garments. In the factories of the United States, not only in the large clothing factories but in smaller industries, they run nine or ten months on their own production and then, in order to keep their organizations complete, they go ahead and manufacture for the foreign market. We find it in many lines, in toys and in other things that are dumped into the Canadian market. We cannot prove that these things are dumped because they can show that they are willing to sell the products at the same price in the United States. But every time we lower the tariff on something that is turned out by mass production in the United States, we once more add to the unemployment situation in Canada. Take worsted and many other cloths made in the United States and you will find that they are all inferior to and of less weight per yard than the same goods produced here. You have an inferior article. We are faced with tremendous competition from Great Britain in the woollen industry, and this item will extend that competition to the garment industry of Canada.

Mr. DUNNING: I must give information on this item because I am quite sure the hon. member does not desire to paint the picture of the woollen clothing industry darker than it really is. The fact is that our total imports from all countries under this item in 1938 were $265,000, whereas in 1936 our home production, taken from the Women's Factory Clothing Industry, the standard publication for the trade, was $17,799,000. It is very difficult for me to see how imports of $265,000 could cause any appreciable amount of unemployment in an industry whose home production is nearly $18,000,000.

Mr. CAHAN: I doubt whether these computations are made on the same basis.

Mr. DUNNING: I have gone carefully over every item. Pyjamas might not be an outer garment, but the volume of importation would not seriously affect the result. Bathrobes might not be an outer garment, and you could take $300,000 off for that. These are woollen bathrobes.

Mr. CAHAN: I do not dispute that computation, but I dispute the computation which the minister cited in referring to the same items when dealing with the production in Canada.

Mr. DUNNING: They are positively under the same tariff item; I can vouch for that.

Mr. HOMUTH: They may be under the same tariff item, but I do not think there is any country in the world better able than the United States to work cotton and rayon into cloth.

Mr. DUNNING: I am speaking of wool only.

Mr. ISNOR: Will the hon. member mention some of the items manufactured wholly from wool in the United States and exported into Canada in large quantities?

Mr. CAHAN: We are dealing with item ex 555, wholly or in part of wool.

Mr. DUNNING: That brings it into the wool category.

Mr. HOMUTH: I repeat that no country in the world is better able than the United States to work cotton into cloth. I could show the house knitted goods which an expert might be expected to describe as wholly of wool, yet when you examine them you find that they contain a large percentage of vegetable fibre. The United States manufacturers are experts at making up cheap cloth that has a very presentable appearance. It is not a question of what has come in; the point is that we are constantly tinkering with the tariff and endangering the jobs of Canadian workmen. We have made an appreciable reduction. I realize that protest is of no avail, because the treaty is in force, but it shows that in these various items we are jeopardizing the jobs of a great many people engaged in the textile and woollen industry of Canada.

Mr. DUNNING: I must object to that as applying to the item before us. I shall try to give information on each item as we come to it in order that the committee may judge, but as far as United States exports to Canada under this item are concerned, I may say that the United Kingdom beat them, because only $82,000 came into this country from the United States as against $159,000 from the United Kingdom.

Mr. HOMUTH: But you are making it possible for a lot more to come in.

Mr. ROSS (Moose Jaw): Do you want more than thirty-two per cent protection?

Mr. HOMUTH: During the years from 1930 on, the Canadian people purchased woollens cheaper as a result of internal competition within Canada, and employment was given to the greatest number of people engaged in any single secondary industry, than at any other time in the previous thirty years.

Mr. McLEAN (Melfort): And they sold their wool, farm products, labour and everything else they had to put on the market at very much lower prices, in some cases lower than had been received for such goods over a period of four hundred years.

Mr. HEAPS: It is obvious that if this tariff were twice as high there would still be a certain amount of finished material coming into this country, just as there are people who purchase particular brands of clothing or shoes made abroad, irrespective of price. I could mention coats made in England which people prefer to buy by name. I believe that at present there is comparatively little finished clothing coming into Canada, because generally speaking the Canadian manufacturers in this industry have fairly high protection, and with the internal competition they are able to compete in price and quality with goods from other parts of the world.

Mr. MacNICOL: What quantity of goods under this item came in free under the $100 exemption? I suppose the answer should include the series, ex 555, ex 567 and ex 567a.

Mr. DUNNING: As to all kinds of clothing —that is, through the whole textile schedule, wool, silk, rayon, cotton or any combination of them—the nearest figure we have is about $3,500,000.

Mr. MacNICOL: That would be for eight months?

Mr. DUNNING: For eleven months.

Mr. COLDWELL: How much woollen clothing is taken back by visitors from the United States?

Mr. DUNNING: I am afraid I cannot answer that.

Mr. COLDWELL: We should look at both sides.

Mr. MacNICOL: There is only one side as far as wheat is concerned.

Mr. DUNNING: To the best of my knowledge the United States authorities do not make a record of it themselves.

Mr. LENNARD: Have the government in their employ experts who can determine the amount of wool or cotton in garments being shipped in? Is an inspection made?

Mr. DUNNING: Yes.

Mr. ROSS (Moose Jaw): Try and get any by without putting it under the highest schedule they can classify it under.

Mr. LENNARD: Regularly?

Mr. ILSLEY: Yes, at ports of entry.

Mr. LENNARD: Are they men who are highly competent in regard to textiles, or just someone picked up and given a two weeks' course?

Mr. ILSLEY: They are pretty good.

Mr. LENNARD: I do not want to hold up this item, but could the minister give me further information by letter some time as to who these men are and where they received their instruction?

Mr. ILSLEY: Yes, I can get that information.

Item agreed to.

Customs tariff—ex 567. Clothing and wearing apparel, n.o.p., made from woven fabrics of which silk is the component of chief value: 30 per cent.

Customs tariff—ex 567a. Clothing and wearing apparel, n.o.p., made from woven fabrics of which the component of chief value is artificial silk or similar synthetic fibres produced by chemical processes: 32½ per cent.

Mr. HEAPS: I should now like to ask the minister the question I asked on the previous item. I think this takes in ladies' dresses made of artificial silk.

Mr. DUNNING: Under ex 567a our imports of artificial silk clothing and wearing apparel from the United States last year were $214,000. Our total exports were $1,870,000.

Mr. CAHAN: Is that exports to the United States?

Mr. DUNNING: They were very small.

Mr. HOMUTH: We could not get them in there.

Mr. DUNNING: Yes, we have a little; we sent to the United States $12,000 worth.

Mr. HEAPS: What was our total production?

Mr. DUNNING: The total production was $22,000,000.

Mr. HEAPS: Perhaps the minister can inform me if the information that has come to me is correct. I understand that when the duties were reduced on the finished product there was not a corresponding reduction in duty on the fabric that goes into the making of the dresses, with the result that certain manufacturers find it cheaper to import the finished product from the United States than to produce it in their own factories. I was told of two factories which have recently gone into the importing of the finished product because of the relatively higher cost of the fabric. Quite a number of girls who were employed in factories making these dresses have been laid off, and the owners of the factories have purchased the finished goods in the United States. Was there a corresponding decrease in the duty on the fabrics when the duty on the finished dresses was reduced?

Mr. DUNNING: Not in this case, no. The point is that the United States is not the principal source of supply.

Mr. HEAPS: I believe the United States is one of the principal sources of supply so far as the fabrics are concerned.

Mr. HOMUTH: No, not the fabrics.

[Mr. Ilsley.]

Mr. HEAPS: The owners of these factories have told me themselves that when they produce these goods they work on such a narrow margin that even a three or four per cent reduction is very important to them. The minister pointed out that they were able to export over $1,000,000 worth of that class of goods, indicating the efficiency of the industry; in fact they actually export these dresses to Great Britain and can compete with goods produced there. There may be some unfairness in the application of this tariff when the duty on the finished product is reduced without a corresponding reduction on imported material entering into the manufacture of the product.

Mr. ROSS (St. Paul's): Would similar goods imported from Japan come under the same rate of duty? What was the amount of the importation from Japan?

Mr. DUNNING: Last year, $9,800.

Mr. HEAPS: The minister has not answered the point I raised, whether he does not think it is unfair to the manufacturers of this class of goods when the import duties on dresses are reduced and a corresponding reduction is not made on fabrics entering into their production.

Mr. DUNNING: I did not speak of that because this agreement does not deal with the fabrics. The fabrics were not discussed between the two countries because, as I pointed out, the United States is not the principal source of supply, although it is an important source. I have before me a request from the garment manufacturers for reduction of the duty on fabrics. I intend to consider it budgetwise. I should not like to give the slightest indication that there is any likelihood of any change in that or any other item of the budget at this moment. The question is not nearly so simple, however, as my hon. friend states it. A number of considerations of very grave importance arise in connection with it, as I think everyone who has had experience with the fabric items will be aware.

Mr. HOMUTH: Would the minister give us the rate of duty on these articles entering the United States?

Mr. DUNNING: Yes; 45 cents per pound plus 65 per cent.

Mr. CAHAN: That is reciprocity with a vengeance.

Item agreed to.

Customs tariff—ex 568. Knitted garments, n.o.p.: 35 per cent.

Customs tariff—568a. Socks and stockings: (ii) N.o.p.: 20 per cent and, per dozen pairs, $1.

Mr. SENN: I should like to express the hope—I might call it the pious hope—that the government has now completed all the tariff tinkering it is going to do in regard to these items and, in fact, in regard to the whole woollen schedule. I intend to outline to the committee, if I may, the changes which have occurred during the past three or four years, since the present government took office, concerning these two items in particular and all woollen items generally. First, however, I should like to make some reference to what has been referred to already, the action that was taken in setting up what is known as the Turgeon commission to investigate the textile industry.

This commission went into a good many of our towns and investigated a number of our textile concerns. Unfortunately, while I believe it was set up as a fact finding commission, at times the attitude of commission counsel was such as to approach what might be called persecution in regard to these different industries.

Mr. HOMUTH: Political persecution.

Mr. SENN: Yes, political persecution, if you want to call it that, instead of an endeavour to find out the facts in regard to these industries. Reference has been made also to the increased activity in the textile industry, particularly in regard to woollens and knitted goods, subsequent to the imposition of the higher duty at the short session of 1930. That was undoubtedly true; the smaller concerns engaged in the manufacture of knitted goods and socks and stockings certainly increased their business to a considerable extent. As has been pointed out already, the result was that internal competition guaranteed to the consumer that prices would not be increased, and in fact prices were lowered in connection with a good many items.

I should like to point out just what has been done in connection with the knitted goods schedules and the socks and stockings items. In 1937 the British preferential tariff on hand knitting yarns, which have to do with knit goods, of course, was reduced from 11¼ cents per pound to 6 cents. On woollen and worsted yarns, for use by manufacturers, the specific duty was reduced from 7½ cents to 5 cents per pound. The duty on socks and stockings was reduced from 30 per cent ad valorem to 20 per cent, while the specific duty of 75 cents per dozen on stockings was eliminated. At the same time the duty on knitted garments was reduced from 25 per cent to 20 per cent. These figures, of course, all have to do with the British preferential tariff; but on January 1 of this year the present schedules came into effect, under which the duties have been further reduced. On knitted goods there has been a reduction from 32½ per cent to 20 per cent.

Mr. DUNNING: Just on garments; not on socks and stockings.

Mr. SENN: On knitted garments, and the 25 cents per pound specific duty has been eliminated.

Mr. DUNNING: On garments only.

Mr. SENN: On socks and stockings the duty has been reduced from 32½ per cent to 20 per cent and the specific duty from $1.35 to $1. These are quite material changes, in addition to those previously brought about. I do not believe they would have been so serious, however, if it had not been for the favoured nation arrangement. Undoubtedly goods of this kind will come in from other countries enjoying most favoured nation treatment, to the detriment of these industries in Canada.

I do condemn very strongly indeed this continual tinkering with the tariff, because it puts these companies in the position that they are not able to go ahead with any sense of security, and cannot plan their operations for any length of time ahead. I think all any industry asks in this country is that the Canadian market be preserved for goods manufactured and produced in our own country.

Mr. DUNNING: Entirely?

Mr. SENN: I would say this, that if the home market is preserved for them there will be sufficient internal competition to take care of the price.

Mr. DUNNING: That is, if we do not admit any from outside? My hon. friend is advocating total prohibition?

Mr. SENN: No matter what the duty may be, some goods will come in, but I say any duty is high enough only when it gives our own people a fair chance to produce their goods and enjoy their share of the home market.

I should like to point out that a large proportion of the woollen and knitted goods is produced in the small towns of Canada. In the province of Quebec there are thirty-nine towns which are described as mill towns, having mills engaged in the production of woollen or knitted goods. In Ontario there

are eighty-two such towns, in the maritime provinces eighteen and in the west eight, making a total of 147 of these towns in which the textile industry accounts for a large part of the business carried on. When the Turgeon commission was sitting in a small town in Ontario the editor of the local newspaper asked permission to make a statement at the close of the hearing. His request was acceded to, and he went on to tell what the two small textile industries located in that town had done for it. He said these industries were founded in 1903, when the town had a population of some two thousand. Since then, coincident with the growth of these industries, the town had developed and progressed until at the time of the hearing its population had doubled. He quoted figures showing that the employees of the textile industries of that town paid over twenty-five per cent of the total taxes, and that less than one-fifth of one per cent of the unpaid taxes was owed by these employees. He stated further that the debenture debt of the town had been cut in two during the worst years of the depression, and said that was directly attributable to the payrolls of these companies. He also stated that during the thirty-three years these companies had been operating they had never been convicted under the minimum wage act and that the wage earners of the town had never suggested that a labour union should be organized. I should like to quote the final words of his statement as they appear in the report of the commission:

> The receipt of steady incomes by the mill employees and their consequent ability to pay their taxes, water and hydro bills, has been the main factor that has made possible our miles of street and sidewalk paving, our fire protection, hydro, water works and sewer systems, and the upkeep of our hospitals, schools, churches, public library and many other by-roads of life that spell comfort, convenience and social development—all unsurpassed in any town of our size in Canada. The district benefits too because the products it grows are sold in town to the mill employees, so the fabric of prosperity is so intertwined that we are all interdependent on one another. The heads of the company are leaders in all the town's philanthropies, and one fact is also certain, that to an unusual degree there are on the company payroll employees who because of age and infirmity would not be on the average payroll in mills elsewhere—and are only on there because of the kindly heart of the men at the top. We whose experience goes back many years, who have seen our town march hand in hand with the company, step by step up the ladder that has brought us to our present position I know would deplore as a tragedy any drastic change that would result in lowering our standard of living, because without our mills there would soon be moss growing on our streets.

[Mr. Senn.]

I put that on *Hansard* because I think it is a fair description of many of the smaller towns in Ontario and Quebec, where these industries for many years have been the main enterprises and have done so much to develop not only the towns but the country surrounding them.

Mr. DUNNING: It is difficult to let that pass without comment. Certainly no one in the house wants to ruin any towns anywhere; I am quite sure of that.

Mr. SENN: I know that.

Mr. DUNNING: I am also sure that the items we are now discussing cannot have any such effect as my hon. friend so gloomily predicts. What are the facts? We are dealing with an agreement made with the United States. Last year importations of knitted garments into Canada from the United States were valued at just $73,000, and our Canadian production stood at $8,740,000. The major importations are of course not related to this item at all. Those major importations are from the United Kingdom, and even from the United Kingdom last year we imported only $650,000 worth under this item. Those are the figures as against a total production of between $8,000,000 and $9,000,000.

As hon. members have been considering the two items together, probably I should give some figures with respect to socks and stockings, so as to complete the reference to knitted goods. Our total imports of all kinds of socks and stockings amounted to $30,000 from all countries, while our own production was valued at over $17,000,000. Let us look at these things in their proper proportions. Surely there is nothing ruinous about competition of that kind.

Mr. HOMUTH: Then are these items just a gesture to the United States, which will amount to nothing whatever to them?

Mr. CAHAN: No, they serve to appease the military spirit of the world.

Mr. HOMUTH: We had better have the appeasement here. If the United States asked for these concessions, surely they asked for them for a purpose, namely, that they would be able to export to Canada. There are substantial reductions in these various items. While we may say that importations from all countries amount to only eight, ten or fifteen per cent, nevertheless they have asked for these concessions with the idea that they will be able to export all these products into Canada, and they will be placed in the same position,

so far as socks, garments and so on are concerned, as they are with respect to many other manufactured articles, such as toys, where they would be able to dump excess production into Canada.

Mr. DUNNING: My hon. friend spoke about importations of eight per cent and fifteen per cent. I would point out that imports are less than one per cent of our Canadian production.

Mr. SENN: The minister has given figures showing that importations in the last two or three years have been very small in comparison with the amount produced in Canada. I shall not dispute the accuracy of his figures; I believe they are correct. However, here is the situation: The tariff was reduced once by the 1935 agreement, and our companies have been able to carry on and to maintain their position in the British market. I know of some companies whose payrolls in the last year have fallen off by nearly $100,000.

Mr. DUNNING: In 1937 employment in this industry was higher than it had been for fifteen years.

Mr. HOMUTH: Give us 1938.

Mr. SENN: Not in 1938, by any means.

Mr. CAHAN: There is a decrease between 1938 and 1937.

Mr. SENN: There comes a time when goods will begin to come in over the tariff which now exists. If we can have an assurance from the minister that this will be the last step for some considerable time, I am sure everybody will be delighted, and industry can then go along with a feeling of security. But how do they know what is going to happen next?

Mr. DUNNING: I hope my hon. friend will not press me to give the assurance that a thirty-five per cent tariff on the item will necessarily be fixed. Parliament must be free to deal with it. The item stands at thirty-five per cent. That is an unreasonable assurance to ask for.

Mr. DEACHMAN: The assurance which the hon. member for Haldimand desires exists in the record of the industry between 1935 and 1936. Production went up nearly $6,000,000, which is a greater increase than was ever made in any year of Canadian history under a Conservative administration.

Mr. LENNARD: The minister gave the total imports of socks and stockings, but he did not give the total value of imports of knitted garments under item ex 568.

Mr. DUNNING: Yes, I did. That was the first item I gave.

Mr. LENNARD: The minister gave imports from the United States and the United Kingdom.

Mr. DUNNING: The hon. member would like to have them from all countries? From all countries they were valued at $857,000, and that figure includes the two figures I have already given separately with respect to the United States and the United Kingdom. Total imports were about one per cent of our own production.

Mr. McNIVEN: It is frequently stated that platforms advanced by political parties are made to get in on but not to stand on. In that regard it will be recalled that during the 1935 election campaign the present Prime Minister stated the Liberal party, if returned to power, would progressively proceed towards lower tariffs and greater freedom of trade.

An hon. MEMBER: Increased taxation.

Mr. McNIVEN: It is known as a fact that what is popularly described as the Dunning budget of 1930 was the lowest schedule of tariff rates ever adopted in this country. The rejection of that budget was one of the outstanding mistakes made in the history of Canada. During the 1935 campaign it was stated that in the years to come progress would be made towards the level of the Dunning budget. For those who have misgivings that political parties make promises and then forget them, I shall place on *Hansard* a summary of what has been accomplished in the last four years.

Mr. LENNARD: Give all the promises first.

Mr. McNIVEN: I shall deal with them seriatim. With respect to textiles, dealing particularly with the period between May, 1930, and January, 1939, the rates of duty applicable to-day are lower on 75 items than they were in 1930. They are the same on 31 items, slightly higher on 38 items, and uncertain or doubtful on 12 items. This covers a total of 156 items and subitems, and governs importations from the United States. The same story is applicable to importations from the United Kingdom. The rates of duty on textiles imported from the United Kingdom to-day are lower on 36 items. On 86 items they are the same to-day as they were under the Dunning budget. They are higher or slightly higher on 24 items, and are doubtful on some 10 items, making a

total of 156 items and subitems. I submit that is a remarkable accomplishment. Coming from western Canada and speaking on behalf of the consumers and users of textiles in my constituency, I want to convey to the government our appreciation of what they have accomplished in so short a time. While I have the greatest respect for the hon. member for Haldimand, I sincerely hope, and I think other hon. members on the government side will join me, that the minister will not listen to his request that the tariff rate on textiles be allowed to remain stationary at thirty-five per cent. Rather we should make greater progress toward reducing the duties on these very necessary articles.

Mr. BROWN: Is the lowest price one pays for an article the greatest factor in the hon. member's economy?

Mr. McNIVEN: The lowest price consistent with quality, considering what it is to be used for and the employment entailed in its production. For the last three years I have listened to hon. gentlemen here, all good friends of mine, berating the government for the reductions which have been made in the tariff, and commenting upon the results as regards employment or unemployment. I think it is generally conceded that tariff rates in this country were never as high as they were following the session of 1930. They continued at practically that level during the whole period of the Bennett regime, and there never was a time in the history of this country when unemployment was so prevalent. During that period we were told that there were no markets, that our commodities could not find their way into the markets of the world.

An hon. MEMBER: They could not blast their way in.

Mr. McNIVEN: That was the expression used. The Prime Minister accepted that challenge by negotiating the trade agreement of 1935, and the trade of this country has improved year by year from that time on, showing substantial increases in our balance of trade.

Mr. MacNICOL: And employment too?

Mr. McNIVEN: Hon. members seem to be much concerned about jobs. The other day an hon. member said that the industries of this country did not give any consideration to the welfare of their employees after they had furnished them with jobs. There are many outstanding exceptions to that statement. I mention one firm located in the city represented by my hon. friend, the International Harvester Company of Hamilton. That company is an outstanding example of right relationships between employer and employee.

The CHAIRMAN: I ask the hon. member to confine his remarks to the item before the committee.

Mr. McNIVEN: I should like to develop that point. However, I shall conclude by expressing, on behalf of the people throughout this country, appreciation of what has been accomplished in a very short time by the government in the way of substantial reductions in duties.

Mr. THOMPSON: Let us get back to the textile business for a moment. The hon. gentleman who has just taken his seat has said that from 1930 to 1935, during which time Mr. Bennett was Prime Minister, the tariff was higher than in any other period in our history. Let me say that during that time textiles sold cheaper in Canada than they had at any other time over a period of twenty-five years.

Mr. McLEAN (Melfort): So did everything else that was produced in Canada.

Mr. THOMPSON: There was a world depression on at that time, but Canada did not suffer as severely as many other countries. Many hon. gentlemen attempt to make it appear that the tariff is paid by the consumer, that when you raise the tariff, up goes the price of goods. That is untrue.

An hon. MEMBER: Who pays it?

Mr. THOMPSON: When the tariff on textiles was raised between 1930 and 1935, textiles sold in Canada cheaper than they had sold in twenty-five years.

Mr. McLEAN (Melfort): And everything else sold cheaper.

Mr. TUCKER: No. 1 wheat sold for 19 cents a bushel.

Mr. THOMPSON: We hear too much about wheat; we are talking about textiles just now. During the depression the textile mills in the small towns of Ontario and Quebec were the salvation of the country; they kept people at work. But to-day the great majority of these mills are not running more than half time. This tariff is going to give them another blow, and it is not reducing the price of textiles to the consumer.

Item agreed to.

Customs tariff—569e, ex 613 and ex 618. Miners' safety helmets for use exclusively in mining operations, firemen's helmets and sandblast helmets, of a class or kind not made in Canada; parts of such helmets: free.

Item agreed to.

Customs tariff—572. Oriental and imitation oriental rugs or carpets and carpeting, carpets and rugs, n.o.p.: 30 per cent and 7½ cents per square foot.

Mr. BROWN: What are the imports under this item?

Mr. DUNNING: The imports from the United States were worth $44,000, while our own production was valued at about $3,800,000. It will be understood of course that the United States is not our principal source of supply for rugs. Our total imports of rugs, including oriental rugs, last year amounted to 2,390,000 square feet, valued at $937,000.

Mr. BROWN: What was the value of importations from Japan?

Mr. DUNNING: We have no separate record for Japan, but I doubt if there is anything of any consequence from that country.

Mr. DEACHMAN: What is the combined specific and ad valorem rate?

Mr. DUNNING: If we take the ad valorem equivalent as applied last year on the small importations from the United States, which is the only way I can properly answer the question, the former compound duty or the equivalent is well over 100 per cent ad valorem. On orientals and hand woven rugs the old duty was around 50 per cent ad valorem.

Mr. DEACHMAN: Now it is over 50 per cent. Does that apply to the 35 per cent plus 15 cents?

Mr. DUNNING: That is right.

Mr. DEACHMAN: So the reduction would not be very material.

Mr. DUNNING: It is 7½ cents per square foot. Of course, it depends entirely on the value of the rug. There is a five per cent reduction in the ad valorem, and the specific duty per square foot is cut in half.

Item agreed to.

Customs tariff—ex 573. Linoleum, floor oilcloth, and cork matting or carpets: 30 per cent.

Item agreed to.

Customs tariff—578. Regalia, badges and belts of all kinds, n.o.p.: 30 per cent.

Mr. BROWN: Does this item cover military uniforms? Would it cover kilts?

Mr. MacNICOL: Do not put a duty on them.

Mr. DUNNING: The details I have here do not include military uniforms, which would come in under the woollen cloth items.

Mr. BROWN: My understanding was that various articles of military uniforms have to be purchased abroad, and the men who are devoting their services to their country have to pay duty on certain service requirements which they have to purchase.

Mr. ILSLEY: On that point I had a good deal of correspondence with applicants for remission of duty. I do not think it is correct to say that the uniforms have to be purchased abroad. Some highland uniforms can be purchased in this country only at very great expense to the purchaser, but that is not true of other uniforms. As a matter of fact, where the cost is very great, we sometimes by order in council remit the duty on highland uniforms, but we have to be very careful in doing that because it would nullify the tariff entirely if we did it freely.

Mr. BROWN: How about the military boots the officers wear?

Mr. ILSLEY: I do not remember the allegation ever having been made that the boots could not be bought in Canada.

Mr. STIRLING: The allegation is certainly made with regard to the gold lace that is required for all three services. Is it manufactured anywhere in Canada? It is customary to import it from the old country and pay the duty on it.

Mr. DUNNING: Gold lace comes principally from the United Kingdom.

Mr. STIRLING: And duty is charged on it although it is a *de rigueur* requirement in the service.

Mr. DUNNING: I do not know under what items it would come in if not under manufactures of gold.

Mr. BROWN: What specific articles would be covered by the word "regalia"?

Mr. DUNNING: As a privy councillor I would say it applies to a privy councillor's uniform. It would include badges, lodge regalia, rosettes, buttons and that sort of thing. Belts include sanitary belts and aprons and body belts.

Item agreed to.

Customs tariff—584. Bone pitch, crude only; and resin or rosin in packages of not less than 100 pounds: free.

Item agreed to.

Customs tariff—585. Coal and pine pitch, burgundy pitch; and coal and pine tar, crude, in packages of not less than fifteen gallons: free.

Item agreed to.

Customs tariff—586. Coal, anthracite, n.o.p.: 50 cents per ton.

Mr. BROOKS: This is an item which interests coal producers throughout Canada, but mainly in Nova Scotia and Alberta. I feel that the coal industry needs as much protection as any other industry, just as much as the wheat industry or the textile industry, of which we have heard so much. While the wheat industry may not be directly protected, it is indirectly protected most substantially so far as this country is concerned.

In my constituency there is a small mining centre at Minto, where the miners have been out of work for a considerable period over the last few years. Over in Nova Scotia, as hon. members from that province well know, the miners of Cape Breton and other parts of the province have been on part time most of this winter, as they were during last summer and for some time prior to that. This all indicates that the industry in Canada can probably produce enough coal, of the bituminous kind at least, to satisfy the Canadian market. I know, that geography is rather against the selling of our coal in the central provinces, and perhaps in the west, but the figures indicate that if we wish to protect our own industries and give employment to our own men we need a more substantial duty on coal than we have at present. While the duty on coal has not been lowered, but remains at 75 cents under item 588—

Mr. DUNNING: Would not my hon. friend's remarks apply more directly to item 588?

Mr. BROOKS: I am speaking of coal in general.

Mr. DUNNING: There is no coal in general.

Mr. BROOKS: Well, I am speaking of coal.

Mr. DUNNING: There is a very important difference.

Mr. BROOKS: In any event there is no reduction or increase under item 586. It remains the same. But there is virtually a decrease in the duty by reason of the removal of the excise tax of three per cent.

To show that the present duty has not been adequate, all we need to do is to look at the importations of coal in 1937 and 1938. We imported in 1937, 16,023,147 tons of coal, and in 1938, 14,213,904 tons. The Canadian production of coal in 1937 was 15,835,000 tons, and in 1938, 14,233,000 tons. In other words, we imported practically the same quantity that we produced. My point is that if we produced our own requirements in Canada, or even a large percentage, the miners in the coal mining areas of this country would be given substantial employment.

With respect to anthracite coal, our importations in 1937 amounted to the value of $10,106,000, and if the same amount were imported this year, with the three per cent excise tax taken off, if and when it is taken off, the revenue lost to the country would be $303,180. That tax is in itself a duty giving some protection to the industry. In 1937 the three per cent excise tax on importations of $20,000,000 worth of bituminous coal represented $600,000 of protection to our coal miners.

As I said before, the present duty is wholly inadequate to protect the coal mining industry. We hear a great deal said about the wheat industry, the textile industry and other industries, but no industry in this country is suffering more to-day than the coal mining industry. No other industry requires more assistance or more protection.

I have another question to ask which affects the coal bonus. Under article XV, I understand it is a matter for representation between the two governments. A bonus was given the coal miners in November, 1938. Have any representations been made by the department at Washington with reference to a conference in connection with that bonus?

Mr. DUNNING: There have been no formal representations in that regard.

Mr. BROOKS: Have there been representations of any kind? I do not understand what "formal representations" means.

Mr. DUNNING: If representations are not formal, then from my point of view there aren't any. I use the word "formal" for this reason. It is well known that the United States is very anxious that Canada should sit down with her and consider the coal question as a whole, without reference to our bonus system, except as it might relate to the whole coal situation, and we have expressed our willingness at any time to join in discussions in that respect. I did not wish to convey the impression, however, that these discussions had reference to any protest that might be contemplated by article XV. That is why I said that no formal representations had been made.

Mr. HEAPS: Are we paying a bonus to the coal producers at the present time?

Mr. DUNNING: Yes. There is a subvention on the movement of coal. My hon. friend should raise that question on the estimates of the Minister of Mines and Natural Resources. That department handles the subventions.

Mr. MacNICOL: What quantity of anthracite did we import last year from the United States, and how much came in from Wales?

Mr. DUNNING: Our total imports were 3,594,000 tons, of which 1,112,000 tons came from the United Kingdom and 2,013,000 tons came from the United States. That is of anthracite only.

Mr. BROOKS: Was there any from Germany?

Mr. DUNNING: From Germany, 262,000 tons.

Mr. MacNICOL: Was that direct from Germany, or mixed with Welsh coal?

Mr. DUNNING: It is shown as an import from Germany direct.

Mr. MacNICOL: I have a word to say, not to detract from what was said by the hon. member for Royal, because I wish to endorse all that he said in reference to anthracite coal; but knowing how the minister has been pressed to reduce the duty on coal, I for one am pleased that it was not made lower than it is. There is not much that I can compliment the minister upon in this treaty, but I can compliment him on not reducing the present rate on item 586.

Mr. DUNNING: Does my hon. friend suggest that the duty ought to be increased?

Mr. MacNICOL: No. I know that the minister has been pressed very strongly to put coal on the free list, because when I was in Wales a news item was shown me with regard to a delegation that had appeared asking that anthracite from the United States be placed on the free list, and as a Canadian I am pleased that the minister did not fall for the wiles of the delegation but maintained the duty. It may not be high enough, as the hon. member for Royal says, but I am glad it is not lower than it is.

Mr. DUNNING: I merely wanted to find out how many supporters there would be in the house for the suggestion of the member for Royal that the duty on coal should be increased.

Mr. MacNICOL: I said I endorsed what the hon. member said, and I am pleased that the minister did not fall for the wiles of the delegation that asked that the duty be further reduced.

Mr. DUNNING: I understand the hon. member for Davenport would like to see the duty increased?

Mr. MacNICOL: No; I did not say that at all. I cannot allow the minister to put words in my mouth. I am complimenting the minister on not reducing the duty lower than it is.

Mr. DUNNING: But my hon. friend also said that he was supporting the hon. member for Royal, who certainly expressed the view that the duty on coal ought to be increased.

Mr. MacNICOL: I merely said I endorsed the views of my hon. friend in advocating more production of coal in Canada, but that was not what I got up to say. I rose to say that I am glad the minister did not reduce the duty further. I have been very quiet—

Mr. DUNNING: You have been very good.

Mr. MacNICOL: —because I know the utter uselessness of saying anything.

Mr. BROOKS: I was not speaking about anthracite particularly. The minister mentioned the duty on anthracite.

Mr. DUNNING: We shall be dealing with bituminous in a moment.

Mr. BROOKS: I was speaking of coal in general. The attitude of my good friend from Toronto and of members from the west would indicate how difficult it is in this country to satisfy everybody. The west wants one thing, central Canada wants its manufacturers protected, and we in the maritimes want protection which we cannot get.

Mr. MacNICOL: It seems there is a misunderstanding of what I said. We do not produce anthracite in Canada; am I right?

Mr. DUNNING: Quite.

Mr. MacNICOL: We import all our anthracite. I got up to say, and I say it again, that I am glad the duty on anthracite was not made lower than it is, principally because of my desire that we continue to import anthracite coal from Wales to help the Welsh miners. I did not mention bituminous coal.

Mr. KENNEDY: What is the tariff on coal going into the United States?

Mr. DUNNING: Anthracite entering the United States is free; but we have none to sell them, so it makes no difference to us.

Mr. KENNEDY: Is there no anthracite exported from Canada?

Mr. DUNNING: There is no anthracite exported because we have no anthracite production. Bituminous presents an entirely different picture, and that is why I was anxious for the member for Royal to wait until that item came up. Coal is not merely

coal; it is lignite, bituminous or anthracite, and there is a great difference in the treatment of the subject, depending on which you are speaking of.

Mr. McNIVEN: There is a large importation of coal from both the United States and Wales. Into what parts of Canada is that coal imported?

Mr. DUNNING: The anthracite imported from Wales and from the United States is consumed principally in central Canada. There may be a few maritimers so—what shall I say? The hon. member for Royal can supply the adjective—at any rate, there may be a few maritimers who burn anthracite, but not many.

Mr. HARRIS: There is a large available exportable surplus in China as well as Russia. Is there any movement into Canada from China and Russia?

Mr. DUNNING: I have no record of imports of anthracite from China. From Russia we imported 146,000 tons last year, and from French Indo-China, 50,000 tons.

Mr. HARRIS: Yes, French Indo-China is what I meant. Is that importation increasing?

Mr. DUNNING: A slight increase from French Indo-China, from 34,000 tons to 50,000 tons.

Mr. HARRIS: What kind of coal?

Mr. DUNNING: Anthracite.

Mr. HARRIS: That is a broad term. Is it not the small size, what is called in this country blower coal, something of which the consumption is expanding by leaps and bounds? This importation threatens seriously the product from the screening of larger sizes of anthracite at present imported in such great quantities from the United States. I should like to reiterate what the hon. member for Royal (Mr. Brooks) said a few minutes ago; this is another example in which the tariff for revenue that produced $303,000 last year on this article is not going to pour that sum into the treasury in 1939 when the excise tax comes off.

Mr. DUNNING: No, it will go to the consumers of anthracite coal in this country.

Mr. HARRIS: The dealers may raise the price.

Mr. HEAPS: What is the price of coal from Germany and Russia laid down at Montreal?

Mr. DUNNING: I can give only the quantities and the customs valuation.

	Tons	Valued at
From Russia	146,000	$ 344,000
From Germany	262,000	1,102,000
From French Indo-China	50,000	130,000

They vary very much.

Mr. HEAPS: And Welsh coal?

Mr. DUNNING: Coal from the United Kingdom works out at just about $5 a ton value for duty.

Mr. HANSELL: The hon. member for Winnipeg North (Mr. Heaps) asked a question concerning subventions. I recognize that this subject comes under another item, but it is a little difficult to separate the subventions from the tariff, because both added together form the protection for the coal industry. Could the minister tell us the particular reason for the increase in the subventions on Nova Scotia coal last fall? I do not want to be misunderstood: my question is not a dog-in-the-manger question. We all know that the coal mining industry in Nova Scotia needs as much protection as possible; the plight of the miner in Nova Scotia is very serious. The situation is just as serious in Alberta. I am wondering why the subvention was increased in the one case and not in the other.

Mr. DUNNING: I am sorry I cannot answer that question. I have here all information relating to the trade treaty, but I have not the information from the Minister of Mines and Resources (Mr. Crerar) with respect to the vote of this parliament for coal movement subsidies. I think my hon. friend will have to ask that question at the proper time.

Mr. HANSELL: What does the total protection amount to, including subventions and tariff, on Nova Scotia coal and Alberta coal?

Mr. DUNNING: I do not see how anyone could calculate that, because the subventions are for the movement of coal into specific areas.

Mr. HANSELL: But the subvention is based on so much a ton, is it not?

Mr. DUNNING: So much per ton mile. It differs with every delivery.

Mr. HANSELL: This subject is indeed a very large one, and I suppose that in years gone by everything that could possibly be said on it has already been said in this house. But the coal problem of this country is not yet solved. We are importing 14,000,000 or 15,000,000 tons of coal every year, and as a result our own coal mining industry is almost

on the rocks. An hon. member the other day, when dealing with the automobile industry, discussed the question as to what eastern interests could buy from western Canada, because western Canada was buying automobiles from eastern Canada. I rather scratched my head and asked myself—

An hon. MEMBER: Be careful of the few remaining hairs.

Mr. HANSELL: There are not many, but it is said one cannot grow hair and brains in the same place. So far as I can see, there is not much that the east can take from the west except coal, but they could take coal if there were a little reciprocal arrangement. The Minister of Labour (Mr. Rogers) the other day made a good suggestion, if it were a practicable one, in connection with the solution of the unemployment problem; he said that industry itself had to play its part. I believe that is so; industry can survive only as people have money to buy its products. I would suggest something to the industries of eastern Canada. I suggest that they check themselves up in regard to what coal they burn.

Let me give hon. members the picture I have in mind. My alarm clock goes off in the morning; I get out of bed to turn off the alarm. I am angry with that clock when it goes off; I look at the face and see that it is manufactured in Hamilton, Ontario. We in the west are buying clocks made in the east.

Mr. McCULLOCH: Is the hon. member talking about anthracite coal?

The CHAIRMAN: Order. The hon. member must confine his remarks to coal.

Mr. HANSELL: That is to be my next sentence.

Mr. DUNNING: It is all right; he wants to trade some bituminous coal for alarm clocks, but we are not on bituminous coal.

Mr. HANSELL: I know that, but there are several items here that for purposes of discussion might all be rolled into one. I am wondering whether that clock company burns Canadian coal in connection with the manufacture of these clocks. They expect us to buy their clocks; let them buy our coal. I have a list of commodities I buy. I buy my wife some toilet articles; I find they are manufactured in eastern Canada; then I wonder if that company burns Canadian coal. I could go through all the list of manufactured articles. I do not suppose statistics are available. I did think on one occasion I would take time to write to these manufacturing concerns and ask them plainly what kind of coal they burn. Our Liberal friends believe in reciprocity, and reciprocal agreements between Canada and other countries; why not a little reciprocity between east and west? That would facilitate matters a good deal.

I should like to read something at this point, and perhaps the minister can say whether this is a feasible solution of the problem. I am reading this from a submission that was made to the royal commission on dominion-provincial relations. I do not know if it is word for word, but it is the sum and substance of the recommendation.

Mr. DUNNING: Whose submission is it?

Mr. HANSELL: It is the recommendation of the national coal committee and the Western Canada fuel association, of Calgary and Winnipeg respectively, prepared under the direction of L. R. Lipsitt, K.C., LL.D., O.B.E.

The recommendation made as to how this can be accomplished—

That is, the solution of the coal problem.

—is that all importations of coal should be forthwith taken under the control of the dominion government by legislation, and that all future importations of American coal should be made under government permit. Approximately 1,000,000 tons of Canadian coal go into the United States annually as against over 14,000,000 tons imported from the States last year. As a matter of permanent policy the States might be given permits to send into Canada ton for ton against what they take from us. As regards all further importations of American coal, they should come in under a quota to be fixed annually, such quota getting less each year as the market adapted itself to Canadian coal and supplies became available, until eventually the Canadian market was reserved exclusively for Canadian coal. The Dominion Fuel Board might well be given extended powers and be asked to assist in working out the policy indicated.

If the carrying out of this policy were spread over a short period of years, eastern industries and eastern householders would be able gradually to adapt themselves to the use of Canadian coal as replacements in equipment were made, and as they gradually became accustomed to the best methods of burning Canadian coal. . . .

In negotiations with our friends across the border, no objection in principle can be taken to the permit and quota system above suggested. It has been put in force by the American government in relation to Canadian cattle going into the States. It has been put in force by Britain in reference to the acceptance of Canadian bacon and other agricultural products. It is not subject to the same objections, during the pending trade negotiations, that would be urged against any increase in existing tariffs. Coal is actually to-day the subject of an agreement permitting the entry into the Irish Free State of British coal, in exchange for permission to send Irish cattle into the British markets. This agreement has been renewed recently, showing the satisfactory results secured by both parties under the original agreement.

If the permit and quota system were once in force, it would give the Canadian government an enormous bargaining factor to secure entry into the States of larger quantities of Canadian cattle, lumber, manufactured goods, and agricultural products. It is quite evident that the importation of American coal could not and would not be stopped at once, but the Canadian government would have immediately this valuable bargaining counter in their hands, in addition to such bargaining powers as already exist.

With a gradual change over, little inconvenience or loss would be sustained by eastern interests and any such loss would be far less than the millions that have been and still are being lost, through the inability of western governments, municipalities and individuals to meet their contractual obligations.

That is the sum and substance of the recommendation of the western coal interests.

Mr. DUNNING: Does that come from the industry?

Mr. HANSELL: It comes from the national coal committee and the Western Canada fuel association who, combined, represent the coal industry in western Canada.

Mr. DUNNING: And is my hon. friend ready to indicate his support of the proposals therein contained?

Mr. HANSELL: I think the coal problem of this country must be dealt with on a broad, national basis. Some system or another, looking at the whole matter with a view to bringing about a broad national policy, should do something to solve that problem. The coal mining industry itself, apart from the workers, is running on a very thin string, so to speak.

Mr. DUNNING: Does my hon. friend regard that recommendation which he has just spread upon *Hansard* as a broad, national solution of this problem?

Mr. HANSELL: I think it is. I do not see anything wrong with it.

Mr. DUNNING: I hope all hon. members will read and study it. It is worth studying.

Mr. HANSELL: I agree with the minister that it is worth studying, and I also agree that governments in the past have studied these same things. I am quite certain that they are conscious of the results of quota systems, and that is why I wonder if the minister would care to express himself along this line. We from Alberta, in common with those from other parts of the country, are interested in the solution of the problem itself, and if we can offer any suggestions one way or another, surely some good may come out of them.

[Mr. Hansell.]

Mr. HOWDEN: I do not know the position of coal now, but some ten or twelve years ago when I entered this house it was a burning topic. An investigation was held at that time, and it was found that western coal could not be brought east of Winnipeg, or at least east of Redditt, which is about 125 or 140 miles this side of Winnipeg. In the same way coal from the maritime provinces could not be taken west of Toronto. The railways are a pretty good criterion to go by. The Canadian National have not endeavoured to bring western coal east of Redditt, while I think the Canadian Pacific brings its western coal as far east as Kenora.

At that time western coal was enjoying a subvention of $2.07 a ton in order to permit it to sell in the Ontario market in competition with Pennsylvania coal, which then sold at about $11 a ton. Well, $2.07 is a pretty big subvention; it is fairly high protection to pay for the privilege of marketing western coal in Ontario, and in saying that I am as much a Canadian as anyone. I believe there have been a number of very, very serious investigations into this coal question, which is not a new matter by any means. They always wind up just where we are now. These days coal is brought in from the old country, Germany and other places, as we have been told, when it is found advantageous to do so, and I believe we are getting our Canadian coal on the market to the best possible advantage at the present time. It seems that all the investigations we have had so far have come to that conclusion.

Mr. THOMPSON: I understood the minister to say a few minutes ago that Welsh coal cost $5 a ton or thereabouts, laid down in Canada.

Mr. DUNNING: That is the value for duty in Wales.

Mr. THOMPSON: And some coals from other countries were even less than that. Can the minister explain why coal coming in here worth $5 a ton costs the consumers $15 or $16? I paid $16 a ton for the coal I put in my bin last fall.

Mr. GOLDING: You paid too much.

Mr. THOMPSON: I could not get it for less.

Mr. DUNNING: The value for duty is the value in Wales. It has to be transported to my hon. friend's coal bin, I suppose, before it costs him $16 a ton.

Mr. HANSELL: I agree with much but not with all of what has been said by the hon. member for St. Boniface. I think even the coal mining industry would admit that they

are fairly well protected. The subvention, together with the tariff, does protect the industry. But in spite of the protection they receive, 15,000,000 tons of coal come into Canada. If the western interests could sell just a million more tons in eastern Canada they would be on their feet, and thousands of miners would be employed. For the moment I am not concerned with the quota system. But if the purchase of a million tons were transferred from the United States to Alberta I believe the mining industry of the republic to the south of us would not be greatly affected, and it would put our industry on its feet.

I wish to refute the hon. member's statement to the effect that western coal brought to eastern Canada was not satisfactory.

Mr. HOWDEN: I did not say the coal was not satisfactory. One of the difficulties found in bringing western coal to eastern Canada was that there was a tendency for the coal to break up and to form slack. In many instances when it reached eastern Canada it was not satisfactory because, unless protected, in a very short time it lost its form.

Mr. McIVOR: There is another side to this matter. We at the head of the lakes think that there is too much duty and too much subvention, and that this condition has brought about unemployment at the head of the lakes. We shall be looking for the same subvention and bounty on iron ore, and we believe we have just as much right to it as the coal people.

Mr. ROSS (St. Paul's): We must remember that 15,000,000 or 16,000,000 tons of coal come to Canada every year. The large manufacturing plants in Ontario and Quebec, plants such as the Steel Company of Canada and the International Nickel Company use large quantities of coal. Large amounts are consumed by greenhouses, and producers of that kind. I would point out to hon. members from the west who are so critical of the desire on the part of eastern people to preserve our manufacturing institutions, that in some instances we have to pay seventy-five cents a ton and in other instances, $1. The actual amount of money paid by Ontario and Quebec is very large. I believe it is an expenditure which we are willing to pay, in order that the western and eastern parts of Canada may prosper, and in order that they may produce and sell larger quantities of coal.

Mr. BROWN: Very often in the house I have heard the suggestion that lower prices are of paramount importance, that in fact they are more important than national economy or national development. As a representative from an industrial constituency I would say that I would do all in my power to induce industries to buy western and eastern coal. I have always said that if the government would spend more time and energy in the development of internal trade, trade among the eastern, western and central provinces, it would be doing much more for the country than it can do by giving concessions to the United States, and to other nations which are competing unfairly. If competition were on a favourable basis one might think differently, but the fact is that only one or two nations of the world are competing with us on an actual cost basis. Most nations are competing on a subsidized basis. A short time ago we heard that subsidized wheat had been unloaded on the Ontario markets. I believe it was the hon. member for Wentworth who showed that shoes from Czechoslovakia were selling for eleven cents a pair in Hamilton stores.

Mr. McLEAN (Melfort): Shoes and anthracite.

Mr. BROWN: I am drawing analogies between various articles.

Mr. DUNNING: Looking at it from the point of view of coal, would the hon. member be prepared to have the duty high enough against United States coal to make it more profitable for an industrialist to buy coal supplies from the maritimes or from Alberta? Will the hon. member face up to that?

Mr. BROWN: If the country as a whole would derive benefit from it, yes.

Mr. DUNNING: That is what we have to consider. If we are to apply the principle that we should use Canadian coal, and if we decide that we shall use it through the operation of the tariff, in the same manner as the tariff is operated in connection with other products, then we must face putting on a duty which would compel industrial plants in central Canada to buy Alberta or maritime coal. That duty on bituminous coal would have to be not seventy-five cents a ton as it is to-day, but I venture to say at least $3 or $3.50 a ton.

I like to look at these matters squarely. Would that be a good thing for Canada? Hon. members who are coal consumers say, No, it would not—and that is what the rest of us say, with respect to their manufactures. That is the difficulty in connection with devising a tariff policy which can be applied generally across the country.

Mr. BROWN: In connection with our railways and other matters we have to pay a price in order to bring about unity in Canada.

Unless that price is too high, unless it will hurt the country as a whole, I say we should be willing to pay it.

Mr. KENNEDY: I was hoping we would reach item 588 because there were one or two observations I wanted to make.

Mr. DUNNING: I wonder if we could not pass this item and the next one and have the discussion on item 588?

Item agreed to.

Customs tariff—587. Coke, n.o.p.: $1 per ton.

Item agreed to.

Customs tariff—588. Coal, n.o.p., including screenings and coal dust of all kinds: 75 cents per ton.

Mr. DUNNING: Now we are on bituminous coal.

Mr. KENNEDY: Several arguments have been advanced for protection, and I do not think we in Alberta are particularly advocating the raising of the tariff in order to force industry in eastern Canada to pay a higher price for coal. If coal from Alberta or Nova Scotia is to be brought to Ontario, it will have to be by increasing the subventions.

Mr. DUNNING: Who pays those?

Mr. KENNEDY: There are several thousand coal miners on relief in Alberta, and I believe there are many in Nova Scotia in the same position. If the dominion government would apply what they pay for relief in Alberta toward increasing the subventions on coal, the eastern industrialists would not have to pay more. A large part of the relief now being paid in Alberta could be eliminated by increasing the subventions. I believe this would cure much of the relief and unemployment situation in Alberta. We have about 13,500 miners in Alberta who hold certificates to mine coal, and only about 5,000 of them are working. Eight thousand coal miners in Alberta are on relief. If these men could be put to work, it would go a long way toward curing the relief situation in that province.

Mr. DUNNING: As I indicated, I am not in a position to discuss subventions when we are dealing with this trade treaty. That is the business of the Minister of Mines and Resources, and I am quite sure that when that item in his estimates comes up, there will be, as there has always been, a very complete discussion. May I suggest to hon. members that it would be better to have this discussion at a time and place at which it would be effective.

[Mr. Brown.]

Mr. KENNEDY: I agree with the minister. I made my remarks because of the argument which had been advanced for protection. I wanted to place myself on record as not advocating higher rates of duties in order to embarrass the eastern industrialist by making him pay more for his coal. The quality of Alberta coal has been brought into this discussion, and I should like to refute what has been said against it. The coal which came to Ontario a few years ago was not the best quality of coal that we have in Alberta. It was taken from the lignite fields and we all know that lignite has a greater percentage of water in it. I understand it runs about sixty heat units to forty per cent water, whereas we have coal in Alberta which runs as high as ninety-six heat units to four per cent water. If the latter type of coal were sent to Ontario, there would be very little crumbling.

Mr. MacNICOL: The Alberta government sent it.

Mr. KENNEDY: Here is another significant point. The freight rate on coal coming to this province is about $8 a ton. A subvention of $2.50 a ton would bring that rate down to $5.50. Wheat can be brought east for $5.20 a ton.

Mr. DUNNING: This has nothing to do with coal coming from the United States, which is what is covered by this item.

Mr. KENNEDY: I was simply replying to the hon. member for Davenport (Mr. MacNicol).

Mr. MacNICOL: I was not finding any fault with Alberta coal; in fact I have used it myself. All I said was that the Alberta government had shipped the coal which was sent to Ontario. If they did not ship us the best coal, that is not our fault.

Mr. KENNEDY: The Alberta government did not ship it.

Mr. MacNICOL: I understand the Ontario government put up about $25,000 in order to try out Alberta coal.

Mr. BLACKMORE: When was that?

Mr. MacNICOL: When Mr. Howard Ferguson was premier. I used the coal myself and I found it very good. I do not know why they stopped shipping it to Ontario.

Mr. DUNNING: This whole discussion is out of order.

The CHAIRMAN: I ask the hon. member to confine his remarks to the item.

Mr. KENNEDY: There is one way in which Ontario could use Alberta coal. Factories in Ontario could buy the equipment with which to use the small sizes of coal very cheaply. If the coal slacks on the way down and becomes small coal or screenings, it could be burned in Ontario factories at small cost and the lump sizes left for domestic use. I should like to point out that Alberta has twenty-one per cent of the known coal supply of the North American continent, and yet we send to Ontario only one-fifteenth of the coal consumed here. Alberta has eighty-seven per cent of the total coal supply of the Dominion of Canada, and yet we are unable to supply the Ontario market. This is a national problem. I hope to discuss the matter of freight rates with the Minister of Transport (Mr. Howe) when we are dealing with subventions on coal. I mentioned during the budget debate last year that there are sufficient coal reserves in Canada to supply the country for 36,000 years. There is no reason why we should have to import one ton of coal from the United States. Our internal economy should be such as to make coal from the east and the west readily available in Ontario.

Mr. BLACKMORE: The hon. member for Edmonton East (Mr. Kennedy) had to deal at the moment with the decomposition of Alberta coal because the hon. member for St. Boniface (Mr. Howden) had raised the question. There is another matter I should like to mention because I am not quite sure that it will be in order when we are discussing subventions. I refer to the possible readjustment of freight rates.

Mr. DUNNING: That would be in order when we are dealing with subventions or on any of the estimate items of the Minister of Transport.

Mr. BLACKMORE: The hon. member for Macleod (Mr. Hansell) pointed out the possibility of getting control of coal imports, and the minister asked if he favoured that proposal. That put the hon. member in a rather difficult position. There are many factors that would enter into this question. An arrangement could be made with the railroads to reduce the freight rates on coal and enable Alberta coal to be placed in the Ontario market without loss to the Ontario people and with great profit to Alberta.

Mr. EULER: Who would pay the deficits of the railroads?

Mr. McLEAN (Melfort): It seems to me that hon. members are blaming the Creator for placing so much coal so far away from where it is needed. What my hon. friend says about the quality of Alberta coal is true. This coal is the finest domestic coal one can find, but it is so far away. If it is to be brought down to eastern Ontario all rail, it will be tremendously expensive. If it is brought by rail to the head of the lakes and then dumped into a ship, it will be broken up and not be as good a fuel from the domestic point of view. If the hon. member for Edmonton East (Mr. Kennedy) will look up the records of the special committee which studied this matter, I think in 1926, he will find much useful information. The hon. member for Royal (Mr. Brooks) and the hon. member for Hamilton East (Mr. Brown) have advocated a greater use of Canadian coal, but the hon. member for Hamilton East in particular overlooks the fact that there are thousands of miles between where the coal is located and where it is to be consumed. If we must pay subsidies, subventions or duties to move this coal, it simply means that there will be a tremendous added cost to the cost of the goods turned out by industry. I am quite sure that the industry he represents would not be willing to pay the cost from the Crowsnest pass—

Mr. BROWN: May I ask the hon. member a question?

Mr. McLEAN (Melfort): Certainly.

Mr. BROWN: We are paying a considerable bonus on wheat, and we from the eastern provinces are glad to do it because it contributes to the national development of Canada. But we think we should also do the same thing for coal.

Mr. McLEAN (Melfort): I cannot see anything of a question in the argument my hon. friend is making. I am beginning to be tired of all this talk about a bonus on wheat when this dominion has not paid a bonus on wheat yet, and is likely to pay the bonus for the first time this year.

To come back to coal, the industry represented by my hon. friend would certainly object—and he would be the first to speak for them—to paying three dollars extra to bring bituminous coal from the Crowsnest pass or the Brazeau fields when it would not serve the purpose as well as the coal they now import cheaply from across the lakes by water and with a short rail haul.

Mr. BROWN: It would help our railways.

Mr. McLEAN (Melfort): But at whose expense? At the expense of the people who claim that the products of Hamilton industries are already too expensive to be bought

on a parity of value with imported products. It would be at the expense of other parts of Canada. There is a problem in Alberta which cannot be solved by added duties, and it is this: Because of the vast quantity of coal deposits in Alberta, too many people went into the industry, and we have in that industry some eight thousand unemployed to-day. How many unemployed would there be if we encouraged people by some artificial means, by bonus, subvention or tariff, to engage still more deeply in that industry and draw larger quantities of that 36,000 years' supply of which the hon. member for Edmonton East speaks? It is ridiculous. The more you encourage the industry by artificial means, the more capital you induce to invest in the industry in the hope of making more profits, the more unemployment you will have.

An hon. MEMBER: That is not correct.

Mr. McLEAN (Melfort): My hon. friend is entitled to his opinion, but I am speaking from the history of forty years' of development. There are tremendous quantities of very high grade coal in southern Alberta, but that supply is so far away that to bring it to eastern Ontario would be prohibitive to those people who have to buy the output of the industries that would be compelled to use that coal at a higher cost. I do not care whether the taxpayers of Canada pay the extra money to the railroads through subventions, tariffs or anything else, but by the time the costs are all pyramided and passed on to the consumers of this country from coast to coast, the products of industry would be just too expensive.

Mr. BLACKMORE: My hon. friend shows great familiarity with the question. I wonder if he has at his fingers' ends the amount which the railroads say is necessary for moving a ton of Alberta coal to Ontario.

Mr. DUNNING: Mr. Chairman, I am sorry, but I must insist that we discuss this tariff item. I do not care whether we get through with it by six o'clock or not, but if we go all over the place in this fashion we shall never get through the trade treaty.

Mr. BLACKMORE: The hon. member for Melfort raised the point, and unless we have a chance to reply, it stands against us. The minute we begin to answer it, we are out of order. But he was not.

Mr. DUNNING: He was out of order too.

Mr. McLEAN (Melfort): I kept quiet all afternoon trying to have this item carried, but after hon. gentlemen made their arguments I felt that I could claim my right to do my share of talking. The railroads have found that it costs much more money, I would say in reply to the hon. member for Lethbridge—

Mr. DUNNING: Mr. Chairman, if it was out of order to ask the question, it is out of order to answer it.

The CHAIRMAN: Order.

Mr. ROSS (St. Paul's): Following up the remarks I made a few moments ago, we find that tariff reductions are made all along the line on manufactured products, and yet the duty on coal remains the same. Let me give one illustration of what the duty costs. A greenhouse just north of Toronto pays in duty on coal alone $9,000 a year. And already the duty on cut flowers has been slashed. I do not think that is a fair deal.

Mr. KENNEDY: Would the minister give me the information now that I asked for on item 586 with respect to Canadian coal going to the United States? Is the tariff the same?

Mr. DUNNING: Practically.

Mr. KENNEDY: On all coal, bituminous as well?

Mr. DUNNING: Bituminous is free.

Item agreed to.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PENSION ACT

ABOLITION OF PENSION APPEAL BOARD AND EXTENSION OF TIME FOR PENSION APPLICATIONS

The house resumed from Friday, March 10, consideration of the motion of Mr. Power for the second reading of Bill No. 6, to amend the Pension Act.

Mr. VICTOR QUELCH (Acadia): I intend to support the bill as far as it goes because I believe that the pension appeal court has outlived its usefulness. It has discredited itself in the eyes of all returned men's organizations and probably in the eyes of all those people who are familiar with the administration of the Pension Act.

I should like to associate myself with the remarks of previous speakers in asking that the bill be referred to a special committee to investigate certain problems of major importance that are confronting pensioners.

I intend to deal only with what I consider one of the main problems facing pensioners, namely, the case of the non-pension widow. To-day there are very few people in Canada who realize that when a married pensioner dies, his pension dies with him automatically unless his wife is in the fortunate position of being able to prove to a somewhat hard-boiled medical board that his death was on account of war service, or unless he was receiving an eighty per cent pension; and of course, many years after the close of the war, it is not such an easy matter to prove that death is on account of war service.

To-day we are living in a time of wars and rumours of war, and I suggest that it is high time the government took steps to acknowledge in full the country's obligations to its pensioners. I do not believe that those obligations are being met in full to-day. Should Canada become involved in another war, I know, speaking for myself, if I were told that in the event of my being seriously wounded and, at a later date, dying after the war, my wife would not receive my pension, I would not consider that my country was dealing in an honourable manner with my widow. Any country that would expect men to be willing to sacrifice their lives for it, without unconditionally accepting full responsibility for the care of those men's dependents, is a country in which there is something radically wrong.

I believe the majority of the members of this house have on their files cases of widows who to-day are suffering from a great injustice. I shall refer briefly to one case with which I am familiar. It illustrates very well the injustice that widows are suffering from to-day. The case is that of a healthy man, a great football player, who enlisted and had his leg blown off. It was amputated at the thigh and he had to undergo several additional operations, which left the stump of the leg in a very sore state so that he was unable to wear an artificial limb. Eventually the weight of his body broke down his other foot so that he could not take proper exercise. Internal diseases followed and finally he died in 1933. Two doctors who attended him both gave evidence that his death was the result of war service. An application for a pension was turned down by the pension board and an appeal was taken to the appeal court. That also was turned down. In 1936 the case was referred to me and I got in touch with the veterans' bureau. We succeeded in getting Doctor Laidlaw, a well-known pathologist in Canada, to take an interest in the case. He submitted evidence to the effect that undoubtedly the man's death was the result of war service. On that evidence we got the appeal court to reopen the case. It was again referred to the pension board, and again a pension was refused.

In the middle of 1938, for some reason or another, somebody, the government or the pension board, had a change of heart and, without a change in the act, that woman was awarded a pension, five years after the death of her husband. In other words, the country had deprived her of her rightful pension for five years. She had been robbed of approximately $3,000 by the government's not acknowledging the fact that a pension was due her. The pension was not made retroactive; that is not possible under the law. There are many similar cases in Canada to-day, and therefore I say that we are not meeting our obligations to the dependents of returned men.

Before the committee that sat in 1936 it was made perfectly clear on many occasions that it was not so much a matter of what a pensioner was entitled to as of what the country could afford to pay. In other words, the country was in a bankrupt state, paying only so many cents on the dollar of its obligation. It was stated in this house by one of its leaders that Canada had been very generous to its returned men. I suggest that when a debtor pays his creditor he is not being generous; he is merely meeting his obligations, and when he does not pay his debt in full he does not meet his obligations. That is the state of Canada to-day in relation to this question. Canada is not meeting its obligations to the dependents of the returned men. To-day, twenty years after the war, we find that we still have many obligations which are left undischarged so far as our returned men are concerned. I therefore add my voice to those of other hon. members in asking that the bill be referred to a special committee to investigate some of the major problems confronting pensioners at the present time.

Mr. THOMAS REID (New Westminster): There are two important changes in this bill, and while most hon. members would like to see the minister bring down a bill with many more changes going further, still it is only fair to say the two changes that are proposed will, in my opinion at any rate, bring about some measure of relief to the returned men. I refer to the change in connection with the appeal court and the extension of time for applications.

In 1936 when the committee met it was proposed to do away with the appeal court; but it seems that the country was not quite

ready for that move because, although the agitation has been kept up since that time, it is only now that legislation is introduced to do away with the appeal court. I agree with a good deal that has already been said, but I disagree with some of the speakers who are advocating that this bill go before a committee. I had the honour of being on the last committee, and I think I can say correctly that almost every aspect, yes, every aspect, of the returned men's problems was dealt with during the time that committee sat in 1936. Those problems may have become aggravated since that time, but to my mind they are essentially the same as they were then. They may be greater, but they are the same. It seems to me that after the deliberations of that committee and, later, the exhaustive research made by the veterans' assistance commission, the minister and hon. members are very well seized of most if not all of the problems confronting the returned men. I doubt whether there is one phase of the whole soldier problem that cannot be discussed on the floor of the house, either before the bill goes into committee or when it is in committee.

I wish to add my meed of praise to what has been said with respect to the Minister of Pensions (Mr. Power). I think I can say without fear of successful contradiction that he is, if not the most sympathetic, one of the most sympathetic ministers we have had in this house in charge of returned men's problems. No one knows the problems of the returned men better than he does, and I have no apologies to offer for voicing my word of praise of the minister.

I know that we should not at this stage discuss the various clauses of the bill, but I want to speak of one aspect, that of doing away with the appeal court. I believe that some further changes will have to be made, because I find that some aspects of the new set-up would appear to preclude many applicants from getting redress to which I think they are entitled. I have one case before me which is very interesting and might be cited in support of what I have to say as to the need for additional phraseology in the bill to provide that special cases may be given attention. This man, Mr. Gibbs, enlisted in 1916 and served until 1919 in France with notably meritorious service. He took ill in 1919 and died in 1921. The doctor who attended him gave it as his considered opinion that this man died from cancer, something he contracted while he was in the army. His widow at the time did not make claim because there was some insurance money coming; but in course of time, after the insurance money had been spent, she appealed to the board of pension commissioners or the tribunal for a pension, and they granted her one. An appeal, however, was taken against the award, and the appeal court reversed the finding and refused pension to the widow.

The strange feature is that the appeal court stated that the whole matter hinged on medical evidence, yet they themselves reversed the award on lay evidence. By that I mean that in 1921 the widow said she noticed this growth on her husband's neck in 1920; then in 1933, when the appeal was up, she said it was 1919 when she noticed the growth. But the sad part is that although the court of appeal stated that the matter hinged on medical evidence, the medical practitioner who gave evidence in the case stated it as his unqualified opinion that the man died as a result of cancer he contracted and had in his body when he returned from overseas. I doubt whether the present bill would touch cases of that kind, unless some proviso is made that a case may be reopened without additional evidence being produced. No new or additional evidence can be produced in a case of that kind, so, without some further provision, this woman will be denied a pension to which I feel she is entitled.

I was pleased when the Minister of Pensions provided hospitalization for non-pensioners. That has been a great advantage, but I should like to see it go a little further. It seems hardly fair that those receiving $20 or $40 a month under war veterans' allowance should have moneys deducted from their allowance during the time they are in hospital. I do not see why they should be called upon to pay, while others receive the benefit freely, and rightly so, of course, if they come under the new regulations.

In passing, I should like to draw the minister's attention to the condition of Shaughnessy hospital in Vancouver. The building was built in 1909 and was used as a school before being taken over by the military authorities. I am not going to say it is a fire-trap, but it is old and was never adapted for a military hospital. With the change in regulations there is no doubt there will be additional demand for hospital accommodation in Vancouver for many years to come, and I would ask the minister to give this matter his serious consideration. I understand plans were drawn up for a new building many years ago, but nothing further was done about the matter.

If protests do come mostly from hon. members representing British Columbia, it is hardly to be wondered at, because British Columbia

has a greater proportion of returned men in proportion to population, either pensioners or those receiving war veterans' allowance, than any other province. Just before coming to the house to-night I noted some statistics concerning this. I find that in Ontario there are 5,135 in receipt of war veterans' allowance; in British Columbia, 3,512; in Quebec, 1,476; in Manitoba, 1,372; in Alberta, 1,131; in Nova Scotia and Prince Edward Island, 766; in Saskatchewan, 807; and in New Brunswick, 390. So it appears that British Columbia has twenty-seven per cent of the total number in receipt of war veterans' allowances. The same condition applies as to pensions. Out of 79,864 pensioners, Ontario has 27,549; British Columbia, 10,643; Quebec, 5,499; Manitoba, 7,377; Alberta, 5,821; Nova Scotia and Prince Edward Island, 4,523; Saskatchewan, 4,306; and New Brunswick, 2,162. Those figures I believe prove what I say, that British Columbia is carrying a heavier load, because disabled ex-service men are there in greater numbers. In further support of this statement, the figures given to the minister by the veterans' assistance commission show that when they were proposing economic allowances, which we are still advocating, they gave a total of 4,650 who would be in receipt of such allowances in Ontario, while in British Columbia they estimated the total would be 6,354. When one compares the population of Ontario, almost 3,000,000, with the population of British Columbia, something over 700,000, one realizes that in British Columbia, the problem is greater and more difficult than in any other province. That is why the voice of British Columbia is heard perhaps more vociferously, through its members in this house and the provincial legion organizations, than is the case with other provinces.

Nearly every speaker has said something regarding the plight of the widows, which hon. members must realize is very serious, and which condition demands that something be done for them. Take the case of a returned man in receipt of a pension of, say $7.50 or $15 a month, with the man and his wife endeavouring to carry on as best they may on this meagre amount. Suddenly the man passes away; the pension is cut off, and how is the widow to carry on for the rest of her days? Heaven only knows. Surely there is some responsibility on this house and this government in regard to these widows, and the plight of ex-service men on relief is even worse. I would urge the minister to give serious consideration to their plight.

I think something should be said with regard to the loyalty of the returned men during these days of stress. I know some people have laughed at the latest move of the returned men's organizations in proposing to organize in defence of Canada; but to me at least it shows that they are still loyal to Canada, and in my opinion that loyalty is well worth preserving. I may have something further to say when the bill is in committee, but I felt that I should at least say this much, particularly on behalf of the widows and before the bill reaches the committee stage.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, several times in this house I have spoken briefly in support of greater consideration for our returned soldiers. It is my opinion, in which I am becoming more confirmed each year, that Canada is not playing fair with the returned men. I think we are forgetful of the fact that each year our returned men and their wives are getting one year older and consequently one year weaker. I do not think we heed the fact that each year there are actually fewer jobs available in this country. We doctor up our statistics in order to make a rather pleasant appearance on paper, but there is no pleasant appearance to be found when we walk the streets of any of our large cities. Each year we see more young people coming into the labour market to take what jobs are available, and each year it becomes more difficult for a man over forty to obtain a position of any kind. In addition, each year there are fewer markets for the commodities people used to produce and by means of which they were enabled to get by. I recall that twelve years ago, we will say, a person could go into any ordinary little community and milk a few cows, plant a good garden, raise a few strawberries, make butter and so on, and find a sufficient market for those commodities to enable him to get by. Then again, in almost every little community it was possible for people to maintain themselves by knitting, sewing, making clothes, doing washings and things of that kind. Many of the widows of fifteen years ago, with the help of their children, were able to carry on in this way; but, sir, to-day it is becoming increasingly difficult to secure a livelihood through these avenues. There is a little dairy, a little milk distributing establishment, in every small town to-day, with someone making a business of it, where fifteen years ago there was no such thing.

I believe we must take cognizance of these matters, for they have an important bearing on this whole question of our returned men and their dependents, especially their widows. I am going to suggest what may seem a little radical, but what I think is only justice. The

recommendation of the veterans' assistance commission, which was couched in the following words, should be implemented at once, that—

—unemployed indigent veterans with service in a theatre of actual war be taken care of by the dominion government while unemployed, and paid unemployment assistance accordingly.

So far as I know, that recommendation has not yet been implemented; I think it should be attended to without further delay. War widows should receive an allowance forthwith, for the reasons I have already indicated. During the last month I have spoken with at least a dozen war widows who have sat down beside me and in blunt sincerity asked, "What can I do to make a living?" It would challenge the best intelligence of this house to tell them what should be done. Certainly I could not tell them, but those widows had to make a living and they had to educate their children.

I think it is time we laid down the principle that all men who saw service in an actual theatre of war should receive $40 a month, and that on their death their widows should receive the same amount without any questions asked. People may say, "Well, where is the money coming from?" It is not my business to discuss that; probably I would be called to order if I did; but without discussing it at all I am going to point out this fact, that thirty years from to-day everyone will be able to see where the money could have come from, and everyone will wonder what kind of dolts we were that we could not see it also. There is no question about that at all. If a war were to break out within the next two or three days, we would be finding money in abundance in order to kill men. It is high time we found money in abundance in order to save men. Just while I am on that point, if I may digress for a moment, I think it is clearly recognized by all who are prepared to face the facts that it would be impossible for this country to engage in a war of the dimensions of the last war and go into debt for the money necessary to conduct such a war. We would have a structure of debt under which we would be absolutely crushed. Clearly, if war came, a way would have to be found to finance that war without going into debt. Then, undoubtedly that way can be found in order to look after those people who are suffering so terribly.

I do not wish to occupy the time of the house unduly; but for the sake of those who in the future may want to know something about the way in which we did things in these days I should like to put on record, as an illustration of the suffering which our people are undergoing, a case which has come to my attention. The men who fought and bled and of whom many died for these people, are suffering as this man is suffering to-day. The letter I have in my hand, dated May 31, 1938, is written from Spokane, Washington. I shall quote passages from it, to save time. As a matter of fact, I shall quote from two letters from the same man, one of which was written to me and the other to an official in Alberta. Here are some of his words:

I do not know if you have heard of my misfortune or not, but I have had my right foot amputated. I have had one hearing, and they will give me one more, but I cannot prove that I contracted this Buerger's disease in France. I was in a British hospital in London, but they did not put down all my record, or it has been lost. I was treated for chronic *otitis media*, trench fever and trench feet. I have suffered ever since I came out of army with my right foot, but did not know what was wrong until last summer. I was to several of the best doctors in Spokane, and they all said it was Buerger's disease. This disease had been traced back to France. The United States government has a large hospital at Soap Lake near Spokane treating cases like mine, and they are all returned soldiers. Most of these men have had several amputations, and there is no cure for it. This water is used and mud baths stop the disease, but does not cure it. There is no question in the United States government but what these men got this disease in France, and all draw pensions and hospital treatment. I have sure suffered with this, and still am. My leg is not healed up yet.

Was operated on December 7, 1937. I have never asked for any relief of any kind. Have paid my own bills, but I have been down since I came here three years ago. I moved down here on account of my wife's health. She is not strong. She has had three operations, and she has been working keeping me and my two boys since I came here. But I do not think she will be able to last much longer at the work she has to do.

I wish you would see if you can find any of my records or not. If you cannot see if you can see some of the pensions officers, and maybe you can do something for me. I had Doctor Mulloy treat my foot in 1927 and in 1931, so you can see it has been bothering me for a long time.

Those are some of the quotations. And here are quotations from a letter written by the same man on the same date to an official of the Alberta government. Before I begin reading these passages, I submit they are so pathetic as to be disgraceful to the officials of this dominion. All we have to do is to put along with what I have read some further things I shall read, to see how pathetic the whole thing really is:

I wrote your Uncle Hugh and received an answer from him, but he could find no record of me. Went to the hospital I was in London

but all records had been sent to war office. He went to the war office and all Canadian records have been sent to Ottawa. So he could not do me any good.

I have had one hearing in the pension board, and I was turned down on account there was no record of me having anything wrong with my foot. I have suffered ever since I came out of army, but I did not know what was wrong with my foot until last summer, and doctors who examined me told me it was Buerger's disease.

Part of this may be repetition of what I have already read.

But my foot was so far gone they had to amputate it. These doctors I had examine me say I got this in France, and I was to some of the best doctors in Spokane.

The next part of the letter is much the same as what I have already read. Then, there is this touching part:

The Red Cross has taken care of me up until now, but don't know what I am going to do now. I know I contracted this in France—but try and prove it to those pension men. I don't suppose any of those guys stood in that mud and rain. It is funny any of us fellows have any feet. I stood in mud sixteen days once, and was on duty all that time. Never did have dry feet—and freezing weather.

I know I am sure entitled to some compensation, if any soldier is. I cannot work and my wife is trying to make a living and send our boys to school. She is not very strong. She has had three operations, and I left up there on account of her health. I wish you would do what you can. If you do not think I have suffered with this foot, ask my mother. She knows how long I have been bothered. I went to Doctor Mulloy in 1927 and also in 1931, but he did not know what was wrong.

I was treated a little for trench feet in the hospital, but they have no record. We used to sit with our feet in coal oil. I have seen several of the boys in the ward I was in with toes and parts of their feet just rotting away. I was in a British hospital in England, and I do not think half the records were kept. Three thousand patients in this hospital, so you can see they were busy and maybe some of the records were lost, or not even put on record. Let them read this letter and see if they would like to be a soldier and get the breaks we got.

I am a member of the Canadian legion, and we have a pension office here. And they have helped me and are still working on my case, and all of the legion say I am entitled to it. I have not asked for pension until last fall, and I have paid all my doctors' bills myself and I do not know how much I have paid. I never asked for a cent of relief in my life, yet. But I am down now and cannot work, and I do not suppose I ever will be able to.

Mr. Speaker, I knew that young man when as a boy, blooming, fresh and vigorous at eighteen years of age, he signed up. I knew that boy when he was returned, and when he signed up again. I know his family. They are in my constituency; I know them all by name. I know that what that boy says is the absolute truth. But can we get anything for him, to help him?—no, sir. I am going to read to the house a letter he received on March 10, 1938. But before doing so, may I say I do not blame the officials in charge. In my judgment they are as fine and sympathetic a lot of men as one could put together. But the laws which we in this parliament have passed have bound those men, with the result that they must write something like what I am going to read:

The commissioners, having reviewed your claim for entitlement to pension in respect of Buerger's disease resulting in amputation of right foot are regretfully of the opinion that this condition has no relation to your service. The commissioners' decision reads as follows:

"This man had two periods of service. He first enlisted February 4, 1915. Served in Canada only and was discharged September 17, 1915, medically unfit.

He reenlisted March 31, 1916, served in France and was discharged November 21, 1917. On his second enlistment he was treated for pyrexia of unknown origin. He was returned to Canada in November, 1917, because of pre-enlistment defective hearing.

The date of application for Buerger's disease October, 1937. Claim is made that the Buerger's disease originated with the pyrexia of unknown origin on service. First evidence of treatment is that of Doctor Mulloy of Cardston, who states he treated Ellison in 1927, and again in 1931. The evidence fails to show relationship to service, and the application is not granted."

I should like to invite your attention to the printed letter which I am enclosing. This sets out certain information with which you are entitled to be furnished, relative to proceeding further with your application, should you desire to do so.

May I just point out to members of the house that that man was down there, on his back. His wife was working to keep the wolf from the door. They are trying to put two boys through school. And yet he is granted a permit to come up here to Canada to present his case again!

I am going to read the letter which I wrote to the authorities on June 27, 1938. This was addressed to General H. F. McDonald, chairman of the Canadian pension commission, and reads:

There is coming before your commission some time this summer the case of R. D. Ellison, West 2215, Mallon Avenue, Spokane, Washington, U.S., who is requesting pension as a result of Buerger's disease contracted while on service in France which resulted in the amputation of a foot.

You will doubtless, I know, appreciate any first hand information to aid you in making your decision. As Mr. Ellison enlisted from my constituency and as both he and all his family are personally well known to me, I am perhaps in a position to give you as accurate an account of his past as anyone in Canada.

Before he enlisted he seemed well and strong. His family are all vigorous, healthy people, and the only physical defect which could be in

any way detected in Mr. Ellison was a slight defect in his hearing. He was particularly impressed upon my mind because of his rather outstanding athletic ability and achievements, and I think we could safely assume that before going to France his limbs were sound.

The fact that he reenlisted seems to me to weigh heavily in his favour as you know that it took plenty of courage and patriotism for a youth to sign up once; to sign up a second time after having had experience in that awful struggle required genuine heroism.

Your own observations must have proved to you that many men are of such self-sacrificing, stoical, and independent make-up that they scorn to think of having the state or anybody else keeping them. They enlisted to serve their country and their king and to fight for the cause; especially was that the attitude of our noblest prior to and immediately after 1914. The result was that after discharge many men who were suffering minor pains and disabilities omitted to mention them feeling that they would wear off, or that such disabilities were only to be expected and to be courageously endured by any man whose lot it was to serve in war.

Mr. Ellison and his family generally are of that rather stoical make-up, and the result was that for a long time, although apprehensively aware that all was not right in his feet, he did not inform the officials of his condition as he could not know that there might be developing in his limbs a slowly progressing malignant malady such as Buerger's disease. This of course caused him to neglect to keep such evidence as he might have kept tending to prove that his disability was traceable to his hardships in France, where at one time I am informed he stood in mud and rain for sixteen days; a performance sufficient to destroy the health of anyone. It would appear that any man who had gone through such a trial would never again be the same; that his vitality would be permanently impaired, and that the tissues of the parts of his body particularly subjected to such a strain would have their resistance to malady definitely weakened.

In the case of a man who has gone through such rigours, I believe every possible allowance ought to be made to give him the full benefit of any doubt. The fact that he is in the United States will not predispose any judge against him when it is remembered that he had to go down into Washington for his wife's health.

Mr. Ellison is in painful need; he is deserving of his country.

I am sure that this man's case received every consideration which could be given to it. This is a letter I received under date of July 2, 1938:

In the absence of General McDonald, I have to acknowledge your letter of June 27 last in the above noted case.

On the first hearing of Mr. Ellison's case, the commissioners, with great regret, were unable to find that Buerger's disease had any relation to service, and the application had to be disallowed.

Mr. Ellison, however, has asked that his case proceed to a second hearing and he has appointed the dominion command service bureau of the Canadian legion in Ottawa to represent him during the second hearing. Mr. Ellison may rest assured that, if it is at all possible for the commissioners to grant him a pension, they will be only too glad to do so.

I may add, as regards the last paragraph but one of your letter, the fact that Mr. Ellison is living in the United States has no bearing whatsoever on his claim. The domicile or nationality of a pensioner or an applicant for pension is immaterial to his claim.

There is nothing wrong with that letter. It is just as kindly, sympathetic and earnest a letter as could be written. I am sure all was done that could be done or that was implied in that letter would be done. Having left at home the next letter which they wrote me, I called up the pensions branch and asked them to send me a copy of the letter they had sent later on dealing with this case. I am putting all these details on the record because I want to be perfectly fair to all the people concerned. I want to bring the case up to date, up to the day on which we are considering it. This is the letter I received from General McDonald under date of March 14, 1939:

I am enclosing herewith copy of a letter which was addressed to you on July 2, last, with regard to Mr. Ellison's case. Since that time Mr. Ellison has been awarded a slight aggravation in respect of *otitis media* and received a gratuity in this respect for $100 as the disability from this condition is very slight at the present time.

The most serious condition he has is Buerger's disease. The commission have not found that the evidence which has been submitted has been sufficient to relate this condition to his service, but it is now being investigated further by two commissioners who are in the west at the present time, and I have been advised by them that they are seeking advice from the doctors who attended him in the United States at Soap Lake, Washington, and they are making an endeavour to visit that place in order to further consider the matter so that if possible every bit of evidence in Mr. Ellison's favour will be brought out. I do not anticipate that their final decision will be given for a few weeks yet, but I will let you know just as soon as I receive it.

Let me hasten to say that with these letters, with the attitude of these men, with the attitude of the Minister of Pensions and National Health (Mr. Power) there is absolutely no fault to find. They are doing everything which lies in their power, and yet this man is suffering as no Canadian who fought for his country should be allowed to suffer. The responsibility rests upon us in this chamber.

I think I have spoken as long as I choose to speak, but there is one thing more I should like to say. In my opinion we are treating our returned men in a niggardly fashion. If Canada were a poor country in which there was not the means of an abundant life, it would be a different matter. But there is in

this dominion a superabundance of everything that a returned soldier needs to support himself and his family. The fact that we are not making it possible to give to the returned men a sufficiency of that abundance will stand as a condemnation of us and of our generation. How that sufficiency could be given is another matter, but it can be given. Of that there is no possible doubt.

There is just one more observation I believe I shall make before I sit down. Hon. members must have been disturbed by the fact that to-day in the Dominion of Canada and throughout the British empire there is not that fervent alacrity and readiness to serve which existed when we were young men. Why? Largely because of the way in which we are treating these returned men. It is hard enough to-day for a young man to live when he has all his limbs and faculties. Only this summer I spoke to one young man who will be available for the next war. He said that when war comes they would have to go, but he was going to do everything in his power to get into the air force or the navy. When I asked him why, he said the reason was that it would be all over quickly. If we believe we can build an army strong enough to fight the future foes of this land out of men who have been so disheartened that they say things like that, then we are not facing realities. In the very interests of this country and the safety of our empire, such changes should be made as will make the young men, upon whose shoulders the burden of the next war will fall, feel that there is at least some possibility of their being compensated in some measure for the terrible sacrifices which they will be called upon to make. It is my plea, sir, that something be done before it is too late.

Mr. A. A. BROWN (Hamilton East): Mr. Speaker, it had not been my intention to speak on this bill to-night, but I should like to say a few words. I well remember the Minister of Pensions and National Health (Mr. Power) stating about two years ago that we should write to him if any returned man had a grievance and had been turned down by the board on account of some technicality or another.

Mr. POWER: I am sure I never said that.

Mr. SPENCE: I never got anything like that from the minister anyway.

Mr. POWER: My hon. friend knows very well I cannot change any decision of the pension commission.

Mr. BROWN: That was my understanding, but the minister's statement now is confirmed by his letters. He could not overrule the board.

Mr. POWER: Read the act.

Mr. BROWN: Yes, but I understood the minister to make the statement in this house that I mentioned in my opening remarks. I accept his word at once.

Mr. POWER: I could not have said that. Under the law I could not change a decision of the pension commissioners.

Mr. BROWN: I want to bring to the attention of the minister the fact that many cases have been rejected by the board on account of technicalities which I think the minister should take some cognizance of and do his best to remedy. I have in my riding a man who served overseas. Before enlisting, he was an athlete in the pink of condition. At the front he was gassed and shell-shocked. He spent considerable time in hospital, and when he came back to the city of Hamilton he was examined only for his heart, and possibly his dental condition. Within a couple of months of his discharge he became troubled with bronchial and asthmatic conditions. Before his discharge he had been passed as fit by one of the doctors who thought he was doing this chap a good turn. Various doctors stated that his bronchial and asthmatic conditions were the result of his war service, but like a good many other soldiers he fought his battles alone and did not wish to become a burden to the country. Three or four years later, when he was no longer in a position to support himself, his savings and earning capacity having gone, he applied for a pension, and he was told, "Your board states that you were discharged physically fit." But, Mr. Speaker, we can produce doctors who will state that undoubtedly this man's condition was caused by his war service.

Another soldier was awarded a partial disability pension for bronchial trouble. He is now becoming absolutely deaf. Physicians for the board say that his deafness has nothing to do with his bronchial trouble. On the other hand, we have specialists who will state that the deafness was undoubtedly caused by the bronchial and asthmatic conditions for which he was receiving a partial disability pension.

Another case is that of the widow of a soldier who was receiving a pension. Some of the doctors stated that the soldier's death was probably caused by his war service. Other doctors attributed it to something else. I

think that in such circumstances, where a soldier served overseas for three or four years, was wounded and subjected to gas attacks, he should be given the benefit of any doubt.

Then there is the wife of a returned man, with six children. He was turned down for a pension, and his wife says, "I am going to vote communist in the next election because the government is not looking after the returned men who fought overseas."

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, I do not intend to enter into any monetary discussion of where we are going to find the money to pay for these pensions, as my hon. friend to my left (Mr. Blackmore) started to do, but there are two or three matters I should like to bring to the attention of the minister.

I think this bill is a good one. If I understand it correctly, it does away with the appeal board in Ottawa and sets up appeal boards which will come a little closer to the problems which have to be considered. But I wonder if it would not have been better if the bill had gone a step further and set up some kind of sympathetic board such as they have in England. I am sure the minister knows of this board and that some five hundred cases in England, which would have been a travesty on justice if left as they were, were looked after by the board. We have a great many such cases in Canada, border-line cases of one kind or another, such as a chap in my riding who was afflicted with a funny nerve disease called disseminated sclerosis. The minister no doubt knows the name. It strikes you here, there or some other place in the body. I think the minister understands. But it is very difficult to say just what causes this disease. There is a very great difference of opinion between the doctors, whether this disease is a result of war service or not. I endeavoured to get a pension for this man, who had this border-line disease, but his application was turned down. I think if we had some kind of sympathetic board such as they have in England, and they had seen the record of this man and the difficulties he had gone through during the war, he probably would be getting a pension now. But he was turned down flat.

There are a great many of these cases, and it is difficult to know whether their disability at present is the result of war service or not. We do know that some men are better off as a result of the medical attention they have received during their service, but there are others who seem to go down hill later on, and therefore it is hard to find out whether their trouble is attributable to war service.

To a certain extent I am in favour of this bill, but might it not have been a good idea to extend it a little? There is another class of men, for example, who might have been considered, the imperial veterans. The imperial veteran is like an outcast so far as pensions in Canada are concerned. After all, he is a Canadian and he gets a very small pension from the British government. Living conditions in Canada are different from those in England, and he is having more and more difficulty as time goes on in securing what may be called his rights.

My suggestion to the minister last year was that he should allow these veterans to avail themselves of the services of the advocates connected with our pension department. I do not think the suggestion was too far afield, that the imperials might have the service of the pension department's advocates so that they might be saved expense in their efforts to obtain the pensions which they deserve but apparently cannot get.

There is another point. Last year I was the first member to bring up in the House of Commons the plight of the war widows of Canada. There are not so many of them that should be receiving pensions. We must remember that when our boys went overseas, from 1914 to 1918, they were told that Canada would look after them and their dependents. Canada has done a pretty good job so far, but what do we find now? We find that the war widow whose husband was in receipt of less than eighty per cent pension has great difficulty in getting a pension at all. If her husband dies of a non-pensionable disease, she has a very hard time. If he dies of cancer or of some disease of that sort, she is out of luck, but if he had died two or three days later of a pensionable disease she would get a pension. There are about 2,000 war widows in Canada whose husbands were receiving pensions of from ten to eighty per cent disability, and their maximum pension would be $60 a month. If the husband dies of a non-pensionable disease, the widow is out of luck. But why should she be cut off just because the man dies of a non-pensionable disease whereas, if he lived two or three days longer and died of a pensionable disease, she might have some chance of obtaining a pension?

If these 2,000 war widows obtained $60 a month each, the total would be only about $1,144,000 a year, and that is not very much

for the country to pay to redeem all the promises made to our soldiers when they went overseas originally, and the assurance given them that their dependents would not want. I think we might easily have gone further in this bill and extended it to cover these war widows. We must also remember that times are getting harder. These women are getting older all the time, and it does seem a pity that they should be destitute, sometimes with children to look after. They helped their husbands when they were getting a thirty or forty per cent pension and we might have done something in their behalf.

There is one other point which I should like to bring to the attention of the minister. It comes under the Militia Act, but I will bring it up now. In 1919 the Militia Act was revised with respect to pensions. The pensions of those in the militia were increased, but those poor fellows who were pensioned before 1919 have now the same status that they had then. Nothing was done about them. I have asked the Minister of Pensions (Mr. Power) whether he could not persuade the Minister of National Defence (Mr. Mackenzie) to do something under the Militia Act to take care of these men. There are only about ninety or one hundred of them in Canada to-day, and I do not think that these injustices should continue.

I am glad to see that the Pension Act is being amended. I believe the quorums will be in closer touch with the cases and we shall consequently have more justice. I do wish the minister would consider setting up what we might call a sympathetic board to adjudicate on these border-line cases that appeal to our sympathy. We are all anxious to see that no injustices continue against those boys who went overseas and gave such service to the country. I could bring down a volume of pension cases and read them to the house. I have upstairs in my room seven or eight hundred petitions, as one might call them, from war widows. I should be glad to have them bound and give them to the Minister of Pensions for his attention.

Mr. DANIEL McIVOR (Fort William): I rise to ask one or two questions of the minister. I know a number of returned men, whose cases I have on file, who have not been successful in getting their pension. The first question I would ask is whether, if this board is changed, it will be possible for those people to have a pension.

Mr. POWER: I cannot reply until we get into committee.

[Mr. Ross (St. Paul's).]

Mr. McIVOR: I know that one of the outstanding reasons which make it difficult for a returned man to get a pension is that they were in such a hurry to get home that they signed off. I said to one man, "Why were you in such a hurry to get home?" He said, "Look here, Dan, if you had not seen your wife and two wee kiddies for four years you would break your neck to get home." And I suppose I would. I know this Pension Act has been improved year after year; I know that after examining the files in the pension board I realized that I had been too hasty in forming a conclusion. I have the record of eight returned men and two war widows who, I think, are entitled to pension, and a generous one. I will give the case of one man who was receiving a fair pension. He had many wounds, and was not as fit for work as the average man. Seemingly he was never out of pain; the only time he had any relief was when he got tight. Then one day something happened, he went down into his own cellar and passed out suddenly. His wife cannot get a pension.

I am proud to-day of the attitude of our returned men all over Canada in relation to our empire and the defence of Canada; many of them are ready to offer their services again. I repeat my question to the minister: Will these people, men or women who have not been successful up to the present time, have any hope under this bill of getting a pension? When I came down and told the story and showed the facts concerning one man, he got a pension, and whether it was the excitement or what, he lived only two weeks after that. I could take the chairman of the pension board into a home in Fort William to-day, and unless there is something very peculiar on the file I am sure that man would receive more consideration.

We are told that returned men should get the benefit of the doubt. I know from my experience in about ten cases that they got the benefit of the doubt. I am sure that the Minister of Pensions (Mr. Power) is just as keen as we are to see that every soldier gets his due, and I am sure he will do his best. I have not any fault to find with any official. But I am anxious to know whether there will be any hope for these people under this bill when it is shown that there is an outstanding need.

Mr. A. W. NEILL (Comox-Alberni): This bill deals almost wholly with the abolition of the appeal court, and a few minor but some fairly substantial changes, all of them for the benefit, I think, of the returned men.

The minister must be gratified at the almost unanimous support his bill has received; I have not heard or read any criticism of what is in the bill, but merely of what is not in it, so to speak. I was not in the house when the earlier debate on the second reading took place, but I have read it in *Hansard* since, and particularly the speeches made by hon. members from British Columbia, the hon. member for Kootenay East (Mr. Stevens), the hon. member for Vancouver North (Mr. MacNeil), and the hon. member for Vancouver South (Mr. Green), who gave in temperate and non-partisan language a clear exposition of the situation as we see it in British Columbia, where there are so many returned men. Apparently they joined in asking that the minister submit the bill to a pension committee to be set up as in former years. I should like to join in that request. We think of the committees in the past, of which the minister himself was always the most prominent member and very often the chairman, and of the great work he always did in that regard. That was one committee, I think about the only one, that deliberated in a non-partisan spirit, and its report, which was generally unanimous, was of such a character that the government could readily give attention to it, being distinguished, I repeat, by the absence of any political element.

Sending this bill to such a committee would enable a number of matters to be debated, some of which have been touched on here to-night, which it would be impossible thoroughly to discuss here, because the officials are not here and the minister cannot reply to questions until we go into committee; in any event, there are many phases which cannot be adequately discussed in committee of the whole house. I received a letter this morning—I have it before me now; I did not know this question was coming up to-night—touching on a number of features, all of which have been put before the house by one or another of the hon. members from British Columbia. The question of pensions for veterans of the Fenian raid could also be debated before that committee. Even in a political sense I cannot see that the government would have anything to lose by setting up this committee and referring the bill to it, with these other questions which have come up. For one thing it would save a great deal of time and relieve the government of responsibility. The report would probably be unanimous, as I think it always has been; the government could say in defence of their action before the country that this non-partisan committee agreed to so and so, whereas if they go ahead as they are doing now they will have to accept the whole responsibility for matters for which they are perhaps not entirely responsible. Therefore I should like to join with the other hon. members who have urged that pensions matters go to a committee.

It appears probable from the program outlined by the Prime Minister (Mr. Mackenzie King) to-day that we are going to be here for a long time yet, and there will probably be ample time for such a committee to sit and consider the whole question; and after all the government have control of both the committee and the house. It would give the ex-soldiers and their representatives the feeling that they got a run for their money at any rate, and that their grievances have received consideration. Some are sound and fundamental, others quite casual and perhaps not deserving of great consideration, but in any event they will be discussed without partisan bias by soldiers; for most of the committee would be ex-soldiers, representing every section of the house and the country. That would be to the benefit of the government and of the country, and certainly it would give the soldiers a feeling of satisfaction even if they did not get all they seek; they would have the satisfaction at any rate of knowing that their case had been heard fairly and fully by an unbiased tribunal.

Mr. J. A. MARSHALL (Camrose): I deem it my duty to take part in the debate on the second reading of Bill No. 6, the purpose of which is to amend the Pension Act. I was a member of the committee which was set up by the house to study the problems of returned men in 1936. The meetings of the committee in that year were interesting to me, and a great deal of progress was made towards the solution of some of the problems confronting the returned men. Since 1936, however, no meetings of that committee have been held, and I believe the time has now come when the committee should sit again to take into consideration the problems which have arisen during the last two years.

The bill now under consideration provides for two changes. The first is the abolition of the pension appeal court and the setting up of appeal boards of the commission, each consisting of three members, in place of the present quorum of the commission. The second change simply extends the time for pension applications to the year 1942.

I am not so much concerned as to whether or not this is a wise move. I am more concerned with the result than with the methods

adopted to obtain that result. This change in the act is simply a change of method; we are changing from a pension appeal court to an appeal board of the commission. As I have just said, I am more concerned about the results which we shall obtain from that change than with the methods to be followed. If the results are no better than those of the past, then I must condemn the change. If, on the other hand, we have the word of the minister that it is for the good of the returned soldier, that it will be more beneficial to him, then I am heartily behind the minister. In reference to the second change, the extension of the time to 1942, this simply means that returned men who saw service in an actual theatre of war may have until that year to make application for pension; in other words, it extends the time to one year beyond the life of the present parliament.

I believe the success or failure of the new set-up will depend entirely upon the attitude of mind which will be brought by the members of these boards to the consideration of the cases that come before them. If they concentrate their attention more upon the financial aspect than upon the moral aspect of the situation, then no good will result. If, on the other hand, they are genuinely sincere in desiring to find a solution to the problems of the returned men, the change will be indeed worth while. In advocating that the committee should sit during this session, however, I do so because other problems concerning the returned men require attention. These problems have been outlined already by the hon. member for Vancouver North (Mr. MacNeil) and the hon. member for Vancouver South (Mr. Green), but perhaps I may be pardoned if I list some of them again. No provision is made in any of the acts—I do not use the word "pension" because that is a method of bringing about a certain result—for children born after May 1, 1933. No provision is made in respect of the wife of a pensioner married after May 1, 1933. No provision has been made to take care of the widow of a pensioner unless he dies of a pensionable disability or was in receipt of a pension of eighty per cent or more. These are very important problems which should be discussed by the committee this session. I feel quite sure that the committee, working harmoniously as it did in 1936, could bring in recommendations that would be adopted unanimously by this house.

There is one other problem that has not been tackled as yet; that is the submission that the remainder of the returned soldiers unemployed be provided for by the payment of an allowance to be known as the provisional economic allowance. I believe that is something which should be carefully studied as a possible method of bringing about a certain result, and I believe that committee, if it were called together and given an opportunity of discussing this important matter, could arrive at something that would be well worth while. So I would add my voice to those who have already spoken, in asking the minister in all sincerity to call the committee together during the present session in order that we may discuss some of the important problems that confront the returned men at the present time.

Mr. J. H. HARRIS (Danforth): There are just one or two observations I should like to make, Mr. Speaker; and without taking time to reiterate what has been said by some of the other hon. members who have spoken, let me tell the minister that I endorse the first half of the remarks made by the hon. member for Lethbridge (Mr. Blackmore) in regard to the cases he cited. I endorse what was said by the hon. member for St. Paul's (Mr. Ross) in regard to war widows, and also what was said by the hon. member for Hamilton East (Mr. Brown). With regard to the last half of the remarks of the hon. member for Lethbridge, in connection with finding the money, I disagree with him.

I should like to make this other observation, which I made in this house three years ago. It will not be very long before most of these cases are taken care of by Father Time. Another decade will see a large number of these men pass on. So could not this House of Commons, as a unit, support any legislation that will see to it that we as a body do our bit until such time as these men are removed from the scene by time? In that connection I should like to bring to the attention of the minister the plight of the widows, as mentioned by the hon. member for St. Paul's. If a census were taken to ascertain the number of widows who are not in receipt of pensions, and the number of widowers who served overseas and who are not receiving pensions, I think it would be found that there were twice as many widows as widowers.

My point is that a medical man in giving his findings might say that a soldier had probably died from cancer. Perhaps the minister will agree that cancer is one of the diseases which carries off a great many returned men. It may be that their illness from that disease is not related to war service. The same individual might have been shell-shocked and subsequently discharged from the army as being fit. Then, a number of men who served overseas might pass away from heart

attack, which could not be attributable to war service. Nevertheless these men have left widows and dependents behind them.

Since their return from overseas the men who had families to provide for found themselves competing with another generation which had grown up during the time they were serving overseas. The returned men have found it difficult to compete in the labour market and to earn sufficient to provide themselves even with the bare necessities of life. Some of those men have passed away, leaving their families more or less destitute through no fault of their own.

My observations are not a reflection on the conduct of the department over which the minister has the privilege of presiding. I believe that ever since the war the department under very difficult circumstances has been trying to do a job. On most of the occasions it has been my privilege to pass judgment on the department I have found fair treatment. I believe the minister will agree with me that only rarely have I found it necessary to speak to him. In fact, since he has been minister of the department, I do not think he has seen me in his office many times.

Coupled with these remarks I should like to make this further one, that I do not believe in any other constituency in Canada there are more cases for consideration by the pension branch than in the one in the suburban area outside Toronto it has been my privilege to represent. I have found the men concerned quite reasonable in their requests. On the other hand, I have found the department and the pension commission reasonable and considerate in the discussion of cases.

But what I want to urge at this time is this: As the time is very short, let us all as a unit, including all parties, do everything humanly possible for the returned men and widows, so that generations to come will be able to say that in this particular regard we have not failed.

I am sorry that I could not follow that section of the remarks of the hon. member for Lethbridge in which he set out his method of finding the money which would be required. I believe the hon. member outlined the Social Credit method of finding the money. As an alternative, may I suggest a more practical way of doing it? It would appear that in the next two—or perhaps six months, depending upon the temper of the house—staggering sums of money will be voted. In those sums I do not include moneys required by the Minister of National Defence (Mr. Mackenzie). I would hope that the Minister of Public Works (Mr. Cardin) would find ways and means for an equal distribution, or a distribution having regard to the principle of representation by population. I should like to see the ministry rise in its place—and by the way I see my point has not been clearly understood by the Minister of Mines and Resources (Mr. Crerar). I was suggesting that instead of the Minister of Public Works trying to figure out supplementary estimates amounting to many millions of dollars to be distributed according to the principle of representation by population, otherwise known as "rep. by pop," that you, sir, as Minister of Mines and Resources and as one of the senior members of the cabinet, together with other ministers of the crown, just take that public works money which we shall be asked to vote, cut it in half, and give the remaining half to the Minister of Pensions and National Health (Mr. Power) for purposes of pensions.

Mr. POWER: Give it to me.

Mr. HARRIS: The minister says, "Give it to me." I would say it should be cut in half, and certainly I would trust the Minister of Pensions and National Health with it for pension legislation.

Mr. CRERAR: I shall have a great deal of pleasure in conveying the hon. member's suggestion to the Minister of Public Works.

Mr. HARRIS: Well, that would be "progress reported" at least. Cut the supplementary estimates in half, so that a half could be directed to those pieces of legislation concerning pensions which are presently on the statute books. Have those moneys equitably distributed, without fear or favour, by the Minister of Pensions and National Health.

We have only about ten years left in which to do everything possible for the returned men. While I am anxious to see economy practised, at the same time I am anxious to see written on the records of history, in the days to come, that without playing politics or conferring any favours on any particular group or class the dominion parliament did its part for those who served to save Canada between 1914 and 1918.

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, I do not feel that I can agree with the hon. member who has just spoken. To my mind it is unnecessary to rob Peter to pay Paul. All I would suggest is that the government carry out the promises which were made in the 1935 election campaign, upon which occasion they stated they were going to issue money and credit sufficient to meet the needs of all. I notice the Minister of National Defence (Mr. Mackenzie) is smiling and nodding his head. I can remember

that in many of the provinces he made the statement that there was no shortage of money. That was before he occupied the treasury benches. I believe $430,000,000 was the figure he mentioned at that time, on numerous occasions.

Mr. STEVENS: As a start.

Mr. LANDERYOU: But I do hope that without robbing Peter to pay Paul the government will fulfil its promise to issue money in terms of public need.

I do not believe the bill goes far enough, and I agree with some hon. members who have said that it should be referred to a committee. Many problems have developed in connection with ex-service men, their widows and dependents. Many hon. members from time to time have urged the minister and the government to pass legislation to deal with the problems of the widows of ex-service men. Many have found it very difficult to trace the death of their husbands to war service. At this time I wish to add my views to those of other hon. members who have urged the government to pension the widows of ex-service men, to pay them a straight economic allowance sufficient to meet their requirements.

There is also the question of the ex-service man who was not wounded overseas, who is not in receipt of a pension and who finds himself unable to compete on the labour market with the younger generation. There are no opportunities for such men in industry; there are no opportunities for them in employment of any kind.

Mr. ROSS (St. Paul's): How about Mr. Aberhart?

Mr. LANDERYOU: He is not an ex-service man.

Mr. ROSS (St. Paul's): He can take care of everybody in some way.

Mr. LANDERYOU: The average age of these men is somewhere near fifty years, and it is practically an impossibility for them to secure employment. I feel that a straight economic allowance should be paid to these ex-service men who are now walking the highways and byways of this country without an opportunity for employment of any kind.

Mr. R. E. FINN (Halifax): Mr. Speaker, I did not intend to speak to-night, but I rise for the purpose of complimenting the Minister of Pensions and National Health (Mr. Power) upon bringing down this revamped legislation. I believe it is a step in the right direction; it is an expression of what is in the heart of every hon. member. We all want to see something more done for the returned man if it is at all possible. In fairness to those who were not old enough to go overseas, but who were quite near that age, let me say that they too should receive some consideration from this government and from hon. gentlemen irrespective of party. Hon. gentlemen opposite spoke of these returned men as those who are going down the lane where there will be a last turn before they eventually go to mother earth. I think we should remember that this parliament has been very generous in its desire to do the best it possibly can for these men. I do not want to minimize the service of those who went overseas; I do not want to minimize the service of those who remained at home worrying and wondering whether their loved ones would return—there are those who sacrificed their lives and have asked nothing in return for the great sacrifice they made.

I rise only for the purpose of saying that we should not get the returned soldier in a frame of mind where he thinks that very little has been done for him. Every hon. gentleman knows that in connection with the appointment to every civil service position there is a thirty per cent benefit in favour of the returned soldier. If a return could be made of the positions in every department of government, it would show the large percentage of overseas men who have been appointed to the service and who are now receiving their earthly reward for their fine soldierly service. I do not want for one moment to minimize the service that anyone gave in the great war, because that came very close to me. I saw my young nephew off on a transport which left Halifax, but to-day he is buried in France. He died when only eighteen years of age. Like many others he gave his life for what Woodrow Wilson said was to make democracy safe for the world.

Camp Hill hospital is located in my constituency, and I am glad to see that the minister is making it possible for greater help to be given to the returned soldier who is not able to work because of his overseas service. As I understand this legislation, these men will now be permitted to enter hospital for treatment. Previously they were turned away. I know of returned men in Halifax who are ill, who are nervous, who are suffering many pains, but who have not been permitted to enter the hospital for treatment. The staff in the hospital receive large salaries and are almost falling over each other in

carrying out their medical and surgical duties, but these men cannot get treatment. I am not talking about the man who is able to go about and enjoy God's sunlight and fresh air; I am talking about the poor returned soldier who is ill, but to whom these doctors have previously turned a deaf ear. I am glad the minister has provided for the hospitalization of these men.

By this legislation these applications may be reopened until 1942. These are comprehensive measures. I heard some hon. member across the floor say that the estimates of the Department of Public Works should be cut in half, one-half being handed over to the returned soldiers. The Department of Public Works, under the able management of the deputy minister, Mr. Hunter, and the chief engineer, Mr. Cameron, see to the needs of Canada in connection with breakwaters, wharves, dredging and various other matters which are important to the whole of Canada. They must be looked after because, if Canada dies, how can we look after the returned soldier?

These are just a few passing thoughts which came to my mind as I listened to the hon. gentlemen speak. I think there is the desire on the part of all hon. members, irrespective of party or group, to do the best possible for the returned man and to pass such enabling legislation as will be comprehensive to all, whether or not he be learned in the law. For these reasons I am proud to congratulate the hon. Minister of Pensions and National Health, and if in his judgment and the judgment of the house the bill should go to a special committee, there to be gone over and made more straight and less devious for the returned soldier and his widow and dependent children, I shall be pleased on all occasions to give the best that is in me to bring about such results and to make the returned soldier and his dependents feel that we have not forgotten those who fell in Flanders fields where the poppies grow.

Mr. J. R. MacNICOL (Davenport): Just a word or two, Mr. Speaker, before the bill receives its second reading. First, I want to say that I think everybody is convinced that in the minister himself the department is headed by one who for years has held a very prominent place in this house in the battle for the rights of the returned soldiers; and under him the minister has in General McDonald one for whom the returned men have every respect and the warmest regard.

I heard a member say a few moments ago that he had more returned men in his riding than in any other, but I doubt if any riding has more returned men than the riding of

[Mr. Finn.]

Toronto-Davenport, in which is situated Earlscourt, from which so many, many regiments went overseas.

I have read the bill through just casually, and I may have overlooked something that I had in mind, namely, the hope that the bill would contain some easier provision applying to the widows of returned soldiers. I have several such cases in mind, but I do not think it is necessary for me to mention them specifically at the moment. There is, however, one in particular that has been under my notice for some time, the claim of Mrs. Fuller, whose husband died in the north country, through having been frozen to death on his way back to civilization. I hope that if this bill is referred to a special committee, as I understand is the minister's intention, provision will be made for hearing the widows of returned soldiers, so that they may appear and present their cases in connection with amendments that may be proposed to take care of this class.

I have nothing further to add, but as one representing many returned soldiers I do hope that the sad lot of so many of them who have not received consideration, will be improved through the provisions of this bill.

Mr. N. J. M. LOCKHART (Lincoln): Mr. Speaker, before this bill receives its second reading, I want to associate myself with those who have spoken on behalf of the ex-service men.

Reference has been made to the fast declining number of ex-service men, and that is all too evident throughout Canada. There are one or two classes that I should like particularly to mention. I am heartily in accord with giving all the support that can be granted to the widow of the returned soldier. I know the minister knows, as does every member of this house, that there are a great many widows of returned soldiers who have nursed their husbands through long sickness. The soldier may have been in receipt of a partial or total disability pension, granted sometimes upon compassionate grounds, through the benefit of the doubt being given where the particulars on the discharge certificate were not too clear. Then, when the soldier has died, technicalities are raised, possibly a post-mortem is held, and the benefit of the doubt is not given to the widow and family of the deceased soldier, although to the average lay mind it would seem that the widow and the family should be provided for through a pension.

I know of such cases. One returned soldier was receiving a considerable pension. He died and his widow has now two sons growing up to manhood. Through a technicality these

two sons have the humiliating experience of seeing their mother being forced to go out to do domestic work, and it is difficult for these boys who are growing up to understand why the pension of their father, who gave his all for this country, is not permitted to be carried on for at least a few more years to his widow until perhaps she reaches the time when she would be eligible for old age pension.

These are tragic cases, and surely when this bill is under consideration in committee some consideration will be given to providing for them. More latitude should be allowed. We know that the officers of the several departments are most efficient. Tribute has already been paid to them and it does not need repetition at this moment; nevertheless the officials repeatedly say: "We have to live within the terms of the act." I say, Mr. Speaker, let us try to make this act a little more in keeping with our humanitarian ideas, and so I trust that the minister in his wisdom and the committee in their deliberations on this bill will be able to enlarge its provisions to take a little better care of just such cases as I have mentioned. These two boys, who are now growing up to manhood, have seen their father's life sacrificed, his pension cut off, and his widow forced to go out to work simply because his discharge certificate did not contain all the information it should have contained.

Widows and their growing families, descendants of our war veterans, are being robbed of their rights just because some little detail was neglected. I appeal for greater consideration for these soldiers' widows and their families, so that there will not be a blot on the records of this parliament in our treatment of the families of the men who were promised so much when they went overseas in 1914, and so that the growing sons of our returned men, if we should within the next few weeks face similar difficulties again, will not in bitterness say, "If I go I expect to get the same treatment my father got." It is up to this government to see that there is no possible recurrence of these cases. It is up to us in this parliament and it is up to the people of Canada to keep faith with the veterans who went overseas, many of whom are still suffering anguish and all kinds of hardships. Let us keep faith with them and show that Canada stands behind the men who stood for us in our time of need.

Motion (Mr. Power) agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—"Court."

Mr. POWER: Almost all the amendments refer only to cases in which the appeal court was mentioned, and there is a change to "appeal board of the commission." There are a very large number of sections in the act, but under a rule adopted last year it was found necessary to rewrite almost every section which was changed, in many instances simply by the alteration of one word.

Mr. STEVENS: In other words, the effect of the bill is to abolish the appeal court and to replace it with an appeal board.

Mr. POWER: Appeal board of the commission.

Mr. GREEN: Is the minister unwilling to refer the bill to a special committee?

Mr. POWER: I do not think it is necessary to refer it. If the bill were referred to a committee, I do not think the committee would consider it for five minutes, because the house is unanimously in favour of every section, or nearly every section of it. Last year I was blamed, censured and railed at by all sections of the house because I did not immediately introduce a bill to abolish the appeal court. Now that I do it, I am asked to send the bill to a committee. The house was unanimously in favour of the bill, and I do not know why it should go to a committee.

Mr. GREEN: The reason why we ask that it be sent to a committee is that the other defects of the act may be considered.

Mr. POWER: That has nothing to do with this bill.

Section agreed to.

On section 2—Jurisdiction of commission.

Mr. MacNEIL: Will the minister explain the functions of the appeal board to be constituted as part of the commission?

Mr. POWER: They have very much the same jurisdiction as the quorum at the present time, the jurisdiction which the appeal court has had.

Mr. STIRLING: Will it do its work entirely in Ottawa or move about the country?

Mr. POWER: It may travel and the applicant may be heard before it.

Mr. GREEN: How many appeal boards is it intended to set up?

Mr. POWER: There will be more than likely two functioning most of the time, possibly the third at Ottawa.

Mr. MacNEIL: That will be exclusive of the appeal board which will be set up to grant leave to reopen cases?

Mr. POWER: The granting of leave to reopen cases will be one of the functions of the appeal board.

Section agreed to.

Section 3 agreed to.

On section 4—Regulations.

Mr. GREEN: This merely makes provision for the appeal boards instead of the old pension appeal court.

Mr. POWER: That is all.

Section agreed to.

On section 5—Repeal.

Mr. POWER: This repeals all sections dealing with the appeal court.

Mr. GREEN: Will there be any difference in the salaries paid, the total amount of salaries, after this bill? Will they be different from the salaries paid at the present time?

Mr. POWER: If my hon. friend wants to know whether the present pension commissioners will have their salaries increased, the answer is, no.

Mr. GREEN: Apparently the appeal court is to be abolished. Will that mean replacing four members of the appeal court by appointing four new members of the pension commission?

Mr. POWER: If my hon. friend wants to know whether provision will be made for some compensation to the present members of the appeal court, the government is considering that angle of the matter. It is not proposed to let them go without some compensation. With respect to the members of the Canadian pension commission who will become members of the appeal board, it is not proposed that there shall be any extra salary. There will be a saving of some $29,000.

Mr. GREEN: Will there be any new commissioners now?

Mr. POWER: It is possible, but not probable.

Mr. NEILL: Is it the intention of the government to appoint present members of the court as commissioners?

Mr. POWER: The present commissioners will act as appeal board.

[Mr. Power.]

Mr. MacNEIL: But is it intended to reappoint those who are now members of the court?

Mr. POWER: That has not been considered. There would be nothing to prevent the government from appointing a member of the court as a member of the commission.

Mr. GREEN: The intention is largely to take members of the present commission and set them up as an appeal board?

Mr. POWER: That is all.

Section agreed to.

On section 6—Registrar to be permanent employee of department.

Mr. GREEN: Why is it provided that the registrar shall hold office during pleasure?

Mr. POWER: This office of registrar was created in 1930. I do not know exactly why, but again in 1936 there was some doubt as to whether he was a civil servant or not and in order that he should not be out of a job we have made provision for him in this section. There is no particular reason for it, except that he is a registrar of the appeal court and he would possibly be out of a job unless we did something of the kind.

Section agreed to.

On section 7—Repeal.

Mr. GREEN: Will there be any appeals by the crown to the new appeal board?

Mr. POWER: No; this does away with all appeals by the crown.

Mr. GREEN: Will this do away with the reviewing officer?

Mr. POWER: Yes.

Mr. MacNEIL: I wish to urge on the minister again the necessity of amending paragraph (b) of section 11 of the Pension Act. Paragraph (b) reads:

> no deduction shall be made from the degree of actual disability of any member of the forces who has served in a theatre of actual war on account of any disability or disabling condition which existed in him at the time at which he became a member of the forces; but no pension shall be paid for a disability or disabling condition which at such time was wilfully concealed, was obvious, was not of a nature to cause rejection from service, or was a congenital defect.

The amendment is necessary for the reason that under the existing regulations the intention as declared in this section is limited with regard to that exception "or was a congenital

defect." The intention of parliament with regard to this section was clearly stated on previous occasions—

The CHAIRMAN: I would point out that the hon. member is discussing a section that is not in this bill.

Mr. MacNEIL: The general act has been opened up, and I desire to propose an amendment to section 11. I am attempting to explain the purpose of my amendment.

Mr. POWER: Section 11 of the act is not before us.

Mr. STEVENS: On the point of order, I think it is an accepted rule that when a bill is opened up for amendment, the whole act is open to be considered. But in order to get before the committee a section that is not in the bill referred to the committee a motion must be made in the house on third reading to re-commit the bill with instructions to the committee to do so and so. I think that is the only way in which the new matter can be given consideration.

Mr. MacNEIL: I urge the minister not to press this point of order. If this bill is not to be referred to a special committee of the house, and if we are called to order in discussing the problems that have arisen in connection with other sections of the act, we are placed in a difficult position. I point out that on a previous occasion during the present session when a general act was opened up, it was your ruling, Mr. Chairman, that amendments could be introduced with regard to other sections.

The CHAIRMAN: I quote from May twelfth edition, page 370:

> Amendments cannot be moved which are based on schedules or other provisions, the terms of which have not been placed before the committee.

Section agreed to.

On section 8—Extension of time for pension application.

Mr. GREEN: This section is the only one which does not deal with the wiping out of the appeal court. But it does deal with the so-called dead-line. This section should receive the careful consideration of all hon. members. As I understand it, there was no dead-line for applications for pension before the sitting of this parliament in 1936. At that session, the first one of this parliament, a dead-line was imposed in this way: First, all men who served only in England or Canada were cut off as of the first day of July, 1936. After that date no veteran in either one of those two groups could apply for pension. A soldier who served in a theatre of war was given until January 1, 1940, to apply for pension. After that date he would have to get special leave from the pension commission before he could even apply. There was considerable argument about that provision in 1936 before the special committee on pensions and returned soldiers' problems. Many of us felt that there should be no dead-line for the veterans who had served in France. To-day I am more convinced than ever that that dead-line should be wiped out, that no such obstacle to obtaining a pension should be placed in the way of our fighting men who saw service in a theatre of war. I ask this committee to-night, regardless of party—because, after all, these soldier problems are not party matters—to do away with this dead-line. This section of the bill merely proposes to push the dead-line ahead two years, to January 1, 1942. Before that time it will have to come up for consideration again. I submit that there should be no dead-line for the fighting men. Those who apply for pension now, have to trace their disability right back to the time of the war, a very difficult task in itself, without having to get over another hurdle of getting permission from the pension commission even to apply. Many of our returned men who were wounded, who actually bear wounds received overseas, are not drawing pension because, although wounded, they have not broken down. As time goes on and these men get older, they break down as a result of their wounds. Men of that class should not be handicapped when they come to the pension commission to get compensation for disability.

In May, 1936, the house provided for a degree of finality in these matters by providing for the first time that, on what is called second hearing, an applicant had to claim for every disability. There was no such thing as coming back again in a year or two and asking compensation for some additional disability; he had to put all his eggs in the one basket. Also, the number of pension applications has been dropping year by year. In the fiscal year 1937-38, it dropped by 646 as compared with the previous year, and there had been a drop in each year for several years. So, for these reasons too, I suggest to-night that we wipe out this dead-line. For that purpose I move the following amendment, seconded by the hon. member for Vancouver North (Mr. MacNeil), which I think will accomplish that end:

> That bill No. 6, to amend the Pensions Act, be amended by substituting for section 8 thereof the following:

8. Section 12A of the said act, as enacted by section 11 of chapter 44 of the statutes of 1936, is amended by repealing all but the first line thereof and substituting for the portion repealed the following:

"who did not serve in a theatre of actual war shall not be awarded unless application therefor has been made before the first day of July, 1936."

If this amendment is passed, section 12A will read: "a pension for disability of a member of the forces who did not serve in a theatre of actual war shall not be awarded unless application therefor has been made before the first day of July, 1936." In other words, it leaves the dead-line as it stands at the present time for the man who served only in England or Canada, but completely wipes out any reference to a dead-line for the veteran who served in a theatre of war. I believe it is only just that there should be no dead-line for those men who, after all, were Canada's fighting men.

Mr. POWER: I have some doubt as to whether this amendment is quite in order. However, I pass that over for the moment.

I should like to direct the attention of the committee to the fact that from the time pensions were commenced, until 1930, there was always a dead-line, beyond which date applications would not be received. As a matter of fact, I think when the committee met in 1928 the dead-line had been passed, and there was a period of six or eight months during which applications for pensions could not be legally received. No great harm was done, however, there was a renewal of the dead-line, and that had been done every year or every two years. In 1936 this question was given a great deal of consideration by the committee. If the deliberations of that committee should have any authority in this house, this was one of the matters most fully discussed, namely whether or not it would be possible to set a dead-line for applications for pension. As my hon. friend has said, a dead-line was established for applications from people who saw service only in Canada. In 1936, with the unanimous consent of the committee, provision was made in the legislation under which a man, even if he were barred by the time limit, could still come before the commission and have his case considered. As a matter of fact, I think it was the unanimous opinion of the committee in 1936 that the only purpose served by a dead-line was to prevent frivolous claims from being entertained; that anyone who had a real, substantial claim could be heard under the act.

This year I came to the conclusion that there was no agitation on the part of returned soldiers, their associations or anybody else, to have this dead-line extended; but after some consideration, just in case there might be some injustice done, I thought perhaps I had better ask parliament to extend the period for another two years. But even that date is not a dead-line, in that the returned soldier has every opportunity to have his case heard and considered even after 1942, the date established in this bill. I believe the principle is good. As the house knows, in Great Britain the dead-line was set at seven years after the war. If we make certain, by legislation which was unanimously approved by members of the 1936 committee, that no injustice will be done, I hardly think my hon. friend's point is well taken.

Mr. GREEN: I think the minister will remember that this dead-line was a compromise; it was not that we all agreed to it.

Mr. POWER: So many things were compromises with my hon. friend that I cannot be sure about this one.

Mr. MacNEIL: I submit there is ample justification for the amendment proposed by the hon. member for Vancouver South. I well remember the discussion in the committee, and my understanding was that the matter was temporarily left in abeyance. The argument of the minister that the dead-line was established by previous parliamentary committees, and that therefore a dead-line should be set now, I suggest is hardly well founded. The reason the dead-line has been advanced from time to time by parliamentary committees is that it has been shown there are still men who have the right to establish entitlement under the act. There are many men who for various reasons have not advanced their claims. They may have been in prosperous circumstances and, out of some feeling of independence, felt that they should not go through the procedure required to establish entitlement. Now, perhaps on account of advancing years or depressed economic conditions, they are seized with the importance of establishing entitlement, particularly having regard to their dependents.

I am particularly interested in the ex-service men who dwell in remote settlements. I have had some experience in visiting the homes of ex-service men living in small settlements up the Pacific coast, and have been astonished at their ignorance with regard to their rights under the act. There are many men who to all appearances could easily establish entitlement to pension in respect of disabilities resulting from wounds; they bear the marks of the wounds on their bodies, but they have not the slightest idea of their rights under the act, and have not advanced their claims. The

difference between the amendment moved by the hon. member for Vancouver South and the method suggested by the minister is that under the amendment these men will have the right to advance their claims for entitlement to pension. The minister's proposal leaves it purely as a matter of discretion with the pension commission. We have no quarrel with the commission to-day; but there may be changes in the personnel; various things may occur, and those in charge of the administration of this act at some future time may not view matters in the same way. I suggest that it should always be clear that a man who served in a theatre of actual war can establish that he is suffering from a disability incurred during service, and there should be no statutory limit as to the date of application. As a matter of right, he should be able to advance his claim to entitlement; and I suggest that the very fact that from time to time we have found it necessary to set this date forward is ample justification for eliminating from the act any dead-line at all, thus leaving that right clear and unmistakable.

The CHAIRMAN: With regard to the amendment which is before the committee, I would quote Beauchesne at page 165, citation 555:

No increase can be considered either of an existing, or of a new or temporary tax for the service of the year, except on the initiative of a minister acting on behalf of the crown.

I also quote from Bourinot, at page 407:

No cases can be found of any private member in the Canadian commons receiving the authority of the crown, through a minister, to propose a motion involving the expenditure of public money. No principle is better understood than the constitutional obligation that rests upon the executive government of alone initiating measures imposing charges upon the public exchequer. On one occasion, in the English commons the consent of the crown was given to certain formal resolutions proposed by a private member with reference to charges in courts of law to be defrayed out of the consolidated fund. It was thought, however, that any resolution placing a charge on the consolidated fund should be moved by a minister of the crown, and the more regular procedure was thereupon carried out. It was distinctly affirmed, however, that the member who proposed the motion involving the charge was within his right when he had the sanction of the crown, but it was generally admitted at the same time that it was better, as a matter of policy, that the proposition should emanate from a responsible adviser of the sovereign.

I therefore rule this amendment out of order.

Mr. MacNEIL: If I may speak to the point of order, Mr. Chairman, I submit that in respect of this amendment there is no proposed charge against the public treasury; it is merely a matter of administration. The amendment does not suggest an additional charge against the public treasury.

The CHAIRMAN: In giving my ruling I do so because this amendment will increase the amount of money to be paid in pensions.

Mr. GREEN: If I may speak to that point, Mr. Chairman, that is an extremely remote contingency. We are simply asking that the procedure in connection with an application for pension be kept in one stage rather than two. If this section goes through as it is presented by the minister, these men applying for pensions will have to obtain leave from the pension commission, and after that will apply for pension.

The CHAIRMAN: I would point out that the ruling is not debatable.

Some hon. MEMBERS: Question.

Mr. MACKENZIE (Vancouver): Carried.

Mr. GREEN: No, it is not carried.

Mr. ROSS (St. Paul's): Mr. Chairman, I move the following amendment:

That Bill No. 6 be amended by substituting for the year 1942 where it appears in section 8 thereof the year 1952.

Mr. MACKENZIE (Vancouver): Order. It is the same point, Mr. Chairman.

Mr. POWER: I have the same objection as I had to the other amendment. I believe the committee ought to understand that what is being done under the amendment the government is proposing is to allow an applicant to make application until 1942. Under the present Pension Act he is precluded from making application after 1940. We propose extending the time for two years. In his amendment the hon. member for St. Paul's wishes to extend it for twelve years. I would suggest to the committee that sufficient unto the day is the good thereof. It is only an argument on the question of quantum.

Mr. GREEN: We are not moving the amendment just to be funny.

Mr. POWER: It looks like it.

Mr. GREEN: There are many cases in British Columbia of fighting men who have been wounded and who realize that sooner or later they will have to apply for pensions. The great majority of them have no idea whatsoever that there is such a thing as a dead-line. If this bill were passed, after 1941 those men would have to apply to a pension commission in Ottawa to get leave to apply for pension. If the pension commissioners at

that time happened to be hard-boiled, or if at that time there happened to be a depression, then it would probably be just too bad for those veterans.

I would point out that about 75,000 Canadian veterans who were wounded on service are not yet drawing pensions. They are the men who are going to be faced with this hurdle. Why make a farce of it? The minister has said that a dead-line was imposed before and that it was lifted; that it was imposed and lifted again, and so on. Why not cut out the dead-line and stop fooling with the question? Let those fighting men know that if they can prove in 1945 or 1948 or 1950 that they are disabled because of something that happened in the war, they will receive their pensions, without having to jump over the additional hurdle of getting from the pension commission a permit to apply for a pension.

Mr. ROSS (St. Paul's): If a man is going to be entitled to a pension to-day, to-morrow, five, ten or twenty years from now, then he is in fact entitled to that pension. I do not not see any reason why there should be any dead-line. Then, if the dead-line is placed at 1942, we shall be placing a handicap on the man who thinks he may have something wrong with him in the following years. He will be hustling, and thinking up some excuse to get in under the wire. A man either is or is not entitled to a pension. There is no reason in the world why he should be precluded from getting it. The amendment suggests that it should be extended to the year 1952, which would give some further time.

Mr. ROBICHAUD: I do not see why the hon. member should be so much worried about the dead-line. Apparently on former occasions it has been changed, and I think if in 1942 it is believed that there are still men who are entitled to pension but who have not been able to avail themselves of the opportunity to apply, we can still revise the dead-line, and make it expire two or three years farther on.

Mr. ROSS (St. Paul's): Why should we have to revive it for two or three years? Why not leave it open?

Mr. ROBICHAUD: I think the question has been well explained by the minister. A committee considered this matter and they thought it desirable to have a dead-line. As I have said, it would be an easy matter to extend the date; that has been done before.

Amendment negatived: yeas, 19, nays, 52.

[Mr. Green.]

Section agreed to.

Section 9 agreed to.

On section 10—Compassionate pension or allowance.

Mr. STIRLING: To what extent has this section been made use of?

Mr. POWER: In recent years, far more than previously. Page 71 of the report for the year ending March 31, 1938, gives the following figures:

Applications to commission prior to March 31, 1937	995
Pensions awarded	174
Awards not approved	821
Applications to commission, April 1, 1937, to March 31, 1938	150
Pensions awarded	50
Awards not approved	100

Since 1935 there have been some 150 awards under the meritorious clause, and prior to that there were something like ten. My hon. friend will see that there were fifty awards from April 1, 1937, to March 31, 1938, which would appear to have been the greatest number granted in any one year.

Mr. GREEN: Apparently under this revised section 21 the new appeal boards will not have the power to grant a compassionate allowance, whereas previously the court of appeal had that right. Would it not be wise to give power to the appeal boards to grant a compassionate allowance just as the appeal court could do?

Mr. POWER: I do not think we shall be depriving anyone of much opportunity because the appeal court granted only three all the time it was functioning. I am hoping the appeal board will be more generous. The appeal board is really the Canadian pension commission sitting in appeal, so it will be made up of practically the same people.

Mr. GREEN: The inferior court, that is the pension commission with two commissioners, has the power under this section to grant a compassionate allowance, and yet the government is setting up a superior court with three members of the commission, a court which actually sees the man but which has no power to grant such an allowance. That does not seem reasonable.

Mr. POWER: I have no objection to allowing the section to stand in order that the matter may be considered, although I do not think there will be any great advantage to anyone.

Mr. GREEN: Even though the appeal court granted only three compassionate allowances, that meant that three more men were taken out of trouble.

Mr. POWER: There was none last year. However, the section can stand.

Section stands.

On section 11—Date from which disability pension is payable.

Mr. MacNEIL: Does this section restrict in any way the period for which retroactive payments may be made?

Mr. POWER: No, it is just exactly the same as it was.

Section agreed to.

On section 12—Date from which death pension payable.

Mr. GREEN: What change is made under this section?

Mr. POWER: This is to have the section correspond with the phraseology of section 27 of the act. There is no change in the meaning or the sense of the section.

Mr. McNIVEN: Would the minister explain under what circumstances a widow or dependent child is entitled to a pension?

Mr. POWER: At the present time a widow of any soldier who dies as a result of his war service is entitled to a pension, if married prior to January 1, 1930. Since the war, 11,000 pensioners have died, and 6,000 widows are now in receipt of a pension. In order to be absolutely sure that the benefit of the doubt would be given to the widow of a soldier, it was enacted many years ago and continued in 1936 that if a man were in receipt of an eighty per cent pension, or over, that is, was in classes 1 to 5, no matter from what disability he might die his widow would be entitled to a pension. Perhaps this would be as good a time as any to state that before this bill finally passes, I propose to proceed to introduce legislation whereby the widow of a man who was in receipt of a pension of fifty per cent or more will be entitled to a pension, if married prior to January 1, 1930. I want to make it clear to the committee that this will not meet the current agitation of the widows by any means, and it is not intended that it should. The current agitation is to permit the granting of a pension to the widows of all ex-soldiers.

Mr. CASSELMAN: Will it be retroactive?

Mr. POWER: If a man were in receipt of a pension of fifty per cent or more and died ten years ago, his widow would be entitled to a pension but not to ten years' back pension.

Mr. GREEN: Fifty per cent or more?

Mr. POWER: Classes to 1 to 11.

Mr. PELLETIER: How many will that take care of?

Mr. POWER: Not very many. It will take care of four or five hundred, which is a small number compared with those who are now pressing the government to have their claims attended to. That is why I want to make it clear that it is not intended to meet that agitation in any way, shape or form. But it is intended to give assurance that the widow of a soldier who was in receipt of a fifty per cent pension or more will get the benefit of the doubt. I think it will give the benefit of the doubt in so far as it is possible to give it. If we were to go below that, it would no longer be a question of giving the benefit of the doubt, it would be a question of giving a pension on purely sympathetic grounds. If we stop at fifty per cent, I think hon. members can be assured that the country is endeavouring in so far as it can to give a pension to the widows of those who have died as a result of their war service.

Mr. LAWSON: It is now eighty per cent and over?

Mr. POWER: It is now eighty per cent and over; we are coming down to fifty per cent. The mechanics of working that out will perhaps be somewhat complicated. I suppose I shall have to proceed by way of resolution to move an amendment to the act. It will simply be an amendment to section 32, subsection 2, to change the words from "one to five" to "one to eleven." Should the house approve the resolution and the amendment, I shall endeavour to consolidate it with the present bill before it is sent to another house.

Mr. GREEN: Would the minister consider removing the restriction on children born after May 1, 1933?

Mr. POWER: I hardly think so. The expense of that would be something like $850,000 annually.

Mr. GREEN: To provide for children who were born after May 1, 1933?

Mr. POWER: I have gone into that quite thoroughly, and I find that we would be taking on something like 17,000 children, even assuming that the fecundity rate would be

lower on account of the increasing age of our soldiers. The best figure I can get is 17,000 children born since 1933.

Mr. GREEN: That makes it all the more unfair.

Mr. POWER: It did make it all the more unfair when they were cut off in 1933.

Mr. ESLING: I wonder if under section 10 the commissioners would have discretionary power in dealing with the widow of a pensioner who was married after 1930. In this case it was a one hundred per cent pension. It is the case of a much married man, who was married in 1902 and deserted his wife and was divorced in 1907. In 1909 he married No. 2. He deserted her in 1917 while he was overseas. Two years before he was pensioned he married No. 3, representing himself as a single man. In 1922, No. 2 turned up, and he acknowledged her as his legal wife, although he continued to live with No. 3. Hon. members laugh, but it is not so very funny. It is a most unfortunate case. By No. 3 there was a child born, and the man in acknowledging No. 2 as his legal wife did assign a portion of his pension to her, although in the interval before she turned up, No. 3 had been receiving a portion of that pension. But after No. 2 came to light again, No. 3 was required to refund that portion which she had received. No. 2 died in April, 1931, and immediately after, No. 3 was again legally married.

Here is a case where No. 3 had lived with that man as his acknowledged wife, had married innocently, lived with him for twenty years and had a daughter by him, and it does seem that the lapse of a very short period made the situation most unfortunate. The man died last year, and the widow of course received no pension whatever. I would ask the minister if he would not give consideration to bringing in an amendment to cover such a case, putting the line at 1931 or 1932. That would remedy this case, which certainly seems to be a deserving one because it is quite apparent that this woman did not marry the man for the sake of the pension. He had represented himself as a single man, and after living with him for twenty years I think she deserves a pension, but because she was not legally married to this man until after January, 1930, she gets no pension.

[Mr. Power.]

Mr. POWER: Perhaps that is a case that might be looked after under the meritorious clause, section 21.

Mr. GREEN: Can the minister give us an idea as to how many wives would be affected by removing the line now set at May 1, 1933? He said there were 17,000 children.

Mr. POWER: We estimate about 2,400 wives, but it is only an estimate, and even the number of children is only an estimate. It is based on the fact that in the twelve months prior to May 1, 1933, there were 4,041 children born to pensioners and placed on pension; in the next twelve months 4,655, and so on, and with an annual reduction of ten per cent for loss of fecundity to which I referred, we come to the figure of about 17,000 who would receive the additional allowance. The cost would be $850,000.

Mr. GREEN: I think that is a pretty high estimate.

Mr. ROSS (St. Paul's): I understand that there are about 2,000 pensioners' widows at the present time who are not receiving pensions.

Mr. POWER: Probably, yes.

Mr. ROSS (St. Paul's): But is not the principle the same as with a pensioner? The pensioner is entitled to ten or twenty or thirty per cent or any other percentage. It is not a gratuity which is given by the Dominion of Canada, but something to which the pensioner is entitled by law. Now the minister is proposing to draw the dead-line at fifty per cent. I cannot see any reason for such a discrimination.

Mr. POWER: Does the hon. member want me to withdraw my proposal?

Mr. ROSS (St. Paul's): I would suggest that these widows, whether the pension be ten per cent or any other per cent—and ten per cent does not amount to anything—are entitled to the pension just as much as the pensioner is entitled to his.

Mr. MacNEIL: Has the minister any statistics indicating the number of widows in cases where the pensioner died while the additional pension was payable—the total number involved apart from those above the fifty per cent.

Mr. POWER: I do not understand the question.

Mr. MacNEIL: Apart from those above the fifty per cent, there are those who died while receiving pensions. Death is not the result of pensionable disability up to the time of death. The additional pension has been paid to the wife. Are there any statistics indicating the number in that category?

Mr. POWER: It might be somewhat difficult to get them. I really have not those figures.

Section agreed to.

Progress reported.

On motion of Mr. Cardin the house adjourned at 10.59 p.m.

Tuesday, March 28, 1939

The house met at three o'clock.

SUPPLEMENTARY ESTIMATES, 1938-39

A message from His Excellency the Governor General transmitting further supplementary estimates for the fiscal year ending March 31, 1939, was presented by Hon. Charles A. Dunning (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

RADIO BROADCASTING

INTERIM REPORT—SCALE OF RADIO LICENCE FEES FOR 1939-40

Mr. A. L. BEAUBIEN (Provencher) presented an interim report of the special committee on radio broadcasting, as follows:

The special committee on radio broadcasting appointed to consider the annual report of the Canadian Broadcasting Corporation and to review the policies of the corporation begs leave to present the following as an

Interim Report

Your committee, having heard the evidence of the chairman and the general manager of the Canadian Broadcasting Corporation as to the curtailment in service that must result from a reduction in revenues of the corporation, takes the view that the present scale of radio licence fees shall be continued for the fiscal year 1939-40.

Respectfully submitted,

A. L. Beaubien,
Chairman.

PRIVATE BILL

ANCIENT FORESTERS' MUTUAL LIFE INSURANCE COMPANY

Mr. HUGHES CLEAVER (Halton) moved the first reading of Bill No. 55 (from the senate) to change the name of Ancient Foresters' Mutual Life Insurance Company to Toronto Mutual Life Insurance Company.

Mr. LOCKHART: May I have an explanation of the bill?

Mr. CLEAVER: This company was incorporated in 1934 under the name Ancient Foresters' Mutual Life Insurance Company. It has been found in carrying on the operations of the company not to be advantageous to have the words "Ancient Foresters" in the title. Therefore it is requested that the name of the company be changed to Toronto Mutual Life Insurance Company.

Motion agreed to and bill read the first time.

SASKATCHEWAN FLOOD CONDITIONS

QUESTION OF DANGER TO OXBOW AND OTHER DAMS

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): I desire to direct a question to the Minister of Agriculture (Mr. Gardiner) based on a report appearing in the western press, which states that the Oxbow dam is threatened by floods; that a rush call to Harold Beatty of Spears Airways sent 1,000 pounds of sand in bags to the district. It was reported that the water was going over the top of the dam. The bags were carried to the district in two trips and dumped over the side of the plane as near the town as possible. My question is whether they were successful in saving the dam and how many other dams have been threatened or are likely to go out because of the flood.

Hon. J. G. GARDINER (Minister of Agriculture): I have not had a report of any difficulty in connection with the dam at Oxbow. I hope it has not gone out.

MUNICH AGREEMENT

REQUEST FOR TERMS OF CONGRATULATORY TELEGRAM SENT BY PRIME MINISTER

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): In view of the fact that the Prime Minister (Mr. Mackenzie King) is to make an announcement with regard to international affairs will he inform the house of the exact terms of the message, to which some reference was made in the press last October, which he was reported to have sent to Right Hon. Neville Chamberlain, congratulating him upon the Munich agreement?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Yes, I shall be very happy to do so.

WAYS AND MEANS

FISHING INDUSTRY—LICENSING OF BEAM TRAWLERS IN NOVA SCOTIA WATERS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of ways and means.

Mr. J. J. KINLEY (Queens-Lunenburg): Mr. Speaker, I desire to take advantage of this motion to bring to the attention of the house a matter that is of great importance to the fishing industry, especially in the province of Nova Scotia. I refer to the annual licensing of beam trawlers, sometimes called steam trawlers, I suppose because they are propelled by steam. The immediate reason for bringing forward this matter at the present time is that before April 1 the Minister of Fisheries (Mr. Michaud) must make up his mind whether he will renew the licences already existing; whether he will receive new applications or, on the other hand, whether he will cancel the licences that exist at the present time. My purpose at the moment is to make an appeal to him, in addition to the representations I have already made, in the interests of the hook and line fishermen of the Atlantic coast.

This matter is controlled by an order in council dated August 29, 1931, which provides:

1. A licence for a fishing vessel using an otter or other trawl of a similar nature, other than a small dragger operated by inshore fishermen, will not be granted, except under the following conditions:

(a) That the applicant for such licence shall furnish the Minister of Fisheries with evidence that will satisfy the said minister that he cannot obtain an adequate supply of suitable fish to enable him properly to conduct and develop his business from the hook and line fishermen, and that if the licence is granted, the extent of his purchase of fresh fish from the said fishermen will not be adversely affected.

You will note, Mr. Speaker, that there are two conditions necessary for the granting of a licence; first that the operator cannot obtain a suitable supply of fish from the hook and line fishermen, and second that his purchases from these fishermen will not be adversely affected if he obtains a licence. He must satisfy the Minister of Fisheries, according to the provisions of this order in council.

I do not like this order in council. Each year this matter comes up and the Minister of Fisheries must make a decision. The hook and line fishermen who desire to promote their industry and who wish to build vessels are not able to do so because of the insecurity brought about by this legislation, since they never know what is going to happen each year when this question comes up for consideration. Then again, it puts the Minister of Fisheries on the spot each year, and it seems to me hardly fair that he should be made the umpire, as it were, between different forms of fishing.

I claim that the situation is such that licences should be refused for the year 1939. In the first place there is no question that the corporations can get an adequate supply of fish from the hook and line fishermen; in fact there is an over supply of fish on the Atlantic coast, as there has been for some years. Only the other day we were told by men interested in the business that the cold storages along the coast were full of fish, and that the great difficulty was to get a market for them. There are several large companies on the Atlantic coast engaged in the distribution of fish, but only one company has the privilege of trawling. If trawling is a good thing and something that should be promoted in the fishing industry, why should just this one company have that privilege? Again, in the interests of employment I think the decision this year should go to the hook and line fishermen. In January, 1938, the one company using trawlers employed nine Lunenburg vessels and 225 men. Then when the fishing season started in the fall of 1938 they laid off five vessels and employed only four of the hook and line vessels. This meant that 125 men in my constituency became unemployed, and for every man unemployed in the primary enterprise there are about three others also unemployed in the allied industries.

I wonder if there was ever any definite matter considered by this house that was looked into by so many commissions, and in connection with which the reports of these commissions were not accepted to the extent that is the case here. In the first place we had the Maclean commission, which went throughout Nova Scotia and New Brunswick and down to the Magdalen islands. The majority report of that commission contained this recommendation:

With mounting density of population and a much larger consumption of fish, it is possible that in some future time steam trawlers may be required in Canada to meet the demands of a large fish consuming population. But that time seems to us to be very far distant. And meanwhile, steam trawlers should in our judgment, without fear of the consequence, be prohibited from landing their fish and from obtaining supplies at Canadian ports, in order that the fishing population of the maritime provinces may be protected and retained.

It is only fair to say that the minority report of the chairman, who is now Judge Maclean, dissented from the majority report. He submitted a report of his own, in which he said:

> The number of trawlers in use should not exceed that number which will produce from time to time the market requirements in excess of boat and vessel production. The interest of trawler owners and general public interests would be best served by such a policy, and no sacrifice would be required in its adoption.

Of all the commissioners, Mr. Speaker, who have investigated this matter of trawling on the Atlantic coast the opinion of Judge Maclean is the only one except that of Mr. Young of the price spreads, which did not definitely say that the use of the beam trawler should be prohibited.

This matter has been receiving consideration in Nova Scotia during the past week. A resolution was introduced into the local legislature which reads as follows:

> Whereas a majority of the royal commission, provincial economic inquiry, 1934, appointed under an act of this legislature, found that the beam trawler "should not be permitted to operate" and recommended "that its use be prohibited";
>
> Therefore resolve that this house urges upon the dominion government and parliament the need for early action to terminate beam trawler operations as recommended by said committee.

This resolution was debated for two days in the provincial legislature, and only two members of the legislature who spoke registered their opinions in favour of the trawlers. A member of the government who on the main motion had spoken against the trawler moved the following amendment:

> That this government requests the Minister of Fisheries to grant no licences to beam or otter trawlers for the year 1939 until it is definitely known and decided that Nova Scotian hook and line fishermen cannot furnish an adequate supply of suitable fish.

Thus it was indicated to the federal authorities that before they permit the operation of the beam trawlers it should be definitely known that the hook and line fishermen cannot supply the needs of the fishing industry. In this regard the Minister of Fisheries has the complete say as to what shall be done. There is no appeal from his decision. As I said before, every year this burden is put upon him.

Then there was a commission in Nova Scotia called the Jones commission. On the Jones commission sat a professor of the University of Toronto; also Mr. Alex. Johnston, at one time federal deputy minister of Fisheries. That commission asked for the abolition of the trawler.

I come now to what has been known as the price spreads committee, followed by a royal commission appointed by the government, which went exhaustively into the matter of beam trawlers. The commission reported as follows:—

> This argument that the trawlers are necessary to provide continuity of supply, has been advanced on previous occasions, and before other commissions investigating the fishing industry. It has, indeed, been the heart of the case in favour of the trawler. We feel, however, that the new type of fishing vessel known as the Lunenburg auxiliary schooner, the development of which has recently been so successful, offers all the advantages of continuity of supply possessed by the trawler and at the same time utilizes more fishing labour, a point which we consider of great importance. We feel, therefore, that under present conditions, trawler operations should be gradually discontinued by government prohibition.

Can we lightly cast aside the findings of three such important commissions? Was there ever a matter so exhaustively investigated, and upon which there seems to have been so much unanimity of opinion on the part of those who have visited the field? In the department, at Ottawa, where men do their work at desks and by correspondence, we find that there is a difference of opinion. But any man who is sent down into the field to see conditions as they really are comes back with the view that the trawler is not necessary and that our social and economic problems would be better served by sticking to the hook and line fishermen.

The fact that there are three trawlers in Nova Scotia does not tell the whole story. The trawler makes of the fish corporation a primary producer; he uses that instrument as a club which he holds over the heads of the fishermen of the country in order that he may control prices. The fishermen have no bargaining power, because the company with the three trawlers say to the fisherman, when he comes in, "I have a trawler coming in tomorrow; if you do not take the price I will give you, I do not need your fish."

The buying of fish in Nova Scotia is highly centralized. Three big companies do the buying, namely the National Fish Company, Lunenburg Sea Products, and General Seafoods, and it is my opinion that they work pretty closely together. I think also that they control to a large extent the prices paid to fishermen. The Lunenburg Sea Products organization is the most successful fishing corporation on the Atlantic coast. They buy fish from all parts of Nova Scotia. They have fleets of vessels under their own management, and working in cooperation with the fishermen. They do not use trawlers. It is the most

successful company on the coast, and it seems to me that that is evidence that a company can get a suitable supply of fish without having trawlers.

It might be said that we have a new market in the United States, and that therefore trawlers are necessary. I must advise the house that the United States fishermen were somewhat concerned about the trade agreement, because they said we were going to flood their market. The report came out that they were going to restrict the action of their trawlers from the port of Boston. But one of the principal items in the treaty is fillets, which go in under a quota of 15,000,000 pounds, being 9,000,000 pounds extra per year, amounting to about 27,000,000 pounds of round fish. The three trawlers now operating from Nova Scotia can produce just about that 27,000,000 pounds of fish, which will be necessary to make the fillets to fill the quota for the United States market.

We have an over-supply, and we are told that we should have trawlers because the United States fishermen have trawlers. We are told about two hundred trawlers and all this sort of thing. The United States fishermen have seventy trawlers. I have a telegram before me from Mr. E. H. Cooley, president of the American Fishermen's Association, who tells me that they have seventy trawlers. But the United States people import fish, they cannot get a supply sufficient for their demand, and we regard the United States market as a splendid market for Canadian fish. When it is argued that because the United States fishermen have seventy trawlers we should have seventy, I say simply this, that we do not need trawlers at the present time, and that the fishermen of the maritime provinces want to make a living.

Mr. DEACHMAN: If they do not need them in the fishing industry, why do they buy them? If they have seventy trawlers in the United States, perhaps they should also have trawlers in Canada.

Mr. KINLEY: I do not think that is any argument that we should have them in Canada. The question is whether you do or do not need them. They were able to get them from Great Britain at a low price.

Some beam trawler advocates argue that they can produce fish cheaper than the hook and line fishermen. I refer hon. members to what was brought out in the evidence given before the price spreads commission and what is stated in the Maclean report. It was stated there that the cost of producing fish by beam trawler is $1.89 per hundred pounds. That was the cost some years ago, and it is likely higher to-day. At no time do the fishermen receive more than a cent and a half per pound on the average for their fish from the trawler companies. These companies are able to save money by buying fish from the fishermen, and they get better fish. According to the evidence given before the price spreads commission by a former president of one of the fish companies, these companies preferred trawlers because it gave them better control of the industry and of prices; they were an instrument by which they were able to control their business without regard to the human element. They were able to get along without bargaining with the fishermen when they wanted to buy fish.

The hook and line method is not inadequate, nor is it uneconomical. The Lunenburg fishing schooner is the most economical fishing machine in the world. The companies owning trawlers recognize this fact. Two new vessels have been built after the fashion of the Lunenburg fishing schooner, and they are now being operated successfully out of Halifax. The fisherman is much better off with the hook and line method of fishing. The cost of a fishing schooner is within the range of the pocket-books of a group of fishermen, whereas a beam trawler is such an expensive machine that only a corporation can purchase it. Anyone in Nova Scotia who wants to engage in hook and line fishing can easily secure a schooner. In Lunenburg this method of fishing is a cooperative enterprise, every vessel usually being divided into 64 shares. Any young man who thinks he is fit to command a vessel can go around among the people of the town and county and sell shares in it. Sometimes those who work on the vessel have shares. This has proved to be the most successful method of fishing in Nova Scotia.

It seems to me we would go far towards solving the great problem of unemployment if the production of fish in Nova Scotia were left in the hands of the hook and line fishermen. What is the argument advanced by the trawler companies? They contend that the Americans use trawlers. I say the United States must import fish because they are unable to supply their own market. On the other hand, there are many fishermen along the Atlantic coast who cannot find employment. In former years the Nova Scotia fisherman could go to New England and ship out on a vessel from Gloucester or Boston, but the immigration laws of the United States do not permit that to-day. These men are in Nova Scotia and our main idea should be to find employment for them.

The trawler companies contend that there are certain kinds of fish which cannot be caught

by the hook and line fishermen. For several years they came here with the argument that they wanted to catch rose fish. This fish is caught in deep water; it is a soft-fleshed fish caught principally along the coast of the United States. Its selling price is quite low and there is no profit in it for anyone except these large corporations who want to dump it on certain markets. Recently it was found that this fish had a parasite and I understand the health authorities of the United States have had trouble about its use in many of the western states. Fish from Canada enter the United States under a quota, and if we allow this quota to be filled by redfish caught by the beam trawlers, they will replace the higher priced fish which should be going into the United States market.

The trawler companies contend also that they want continuity of supply. The Lunenburg fishing schooner is a more mobile unit than the beam trawler, and it is cheaper to operate. These schooners are equipped with radio telephones and are propelled by diesel engines. They can be brought in and out of port more quickly and are much less expensive to operate. Last year we were told by the trawler companies that they wanted fast transportation. A beam trawler will average nine knots an hour, but a fishing schooner can go from nine to twelve knots an hour. Fish caught one day on the banks can be on the market the next day. When it comes to transportation, the diesel schooner is far ahead of the beam trawler, and their record of continuity is splendid.

Most of these old arguments have been dropped. We are now told that they want these trawlers so that they may catch a few flounders which are probably sold on the English market. The line fisherman can also catch flounders, but when the fishermen bring in too many, the companies use their judgment as to whether they shall buy them. There is one thing which must be admitted about the beam trawler, it is a safer way to fish. However, there is a suggestion now being put forth in connection with the schooners that in addition to the use of dories, they use a long rubber covered line which can be hauled in over the bow and which goes in over the stern. This method will practically double their capacity, and will make the operation of these schooners even more economical. The long line and dory method of fishing from the schooner will make fishing practically as safe as with the beam trawler.

Then we are told that while all this will help the Lunenburg fishermen, it will not help the shore fisherman. If we have an over supply of fish on our markets, if these companies can get their supplies of fish without going to the fishermen, the shore fishermen will suffer. Do you not think that the shore fishermen would be benefited if these companies were obliged to send out their buyers to buy fish from them? There would then be a seller's market instead of a buyer's market in the fishing industry in Nova Scotia.

Hook and line fishermen buy large quantities of bait from the shore fishermen. The hook and line fishermen have built up towns and communities in the province of Nova Scotia. They have helped to establish the allied industries—the sail maker, the blacksmith, the block maker and the shipbuilder; but in view of the insecurity that exists today in the fishing industry people will not build vessels in Nova Scotia now.

The shore fisherman lives on the headlands along the shore, and he must be there to catch the mackerel, the herring, the lobster, and the seasonal fish that frequent those waters at certain seasons of the year. We all know that the headland is the proper place for the shore fisherman to live. But if you take away his backlog, which is the cod fishery, a vital element in making up his revenue, it will make conditions such that the shore fisherman cannot make a living. The first consideration, Mr. Speaker, should be given to the fisherman who lives in the outport and who must maintain himself there for the purpose of carrying on certain of the fisheries of this country, and the cod fishery should be preserved for him.

Suppose someone says that we should allow the beam trawlers to operate; and suppose they increase until you have eight or ten or twelve beam trawlers. There will then be no room for anybody else in the fishing industry in Nova Scotia, and what will you do? You will make of them slum dwellers in the city.

Our shore fishermen are skilled workers. They live in humble homes, it is true, but in healthy homes along the shore of the province where they can bring up their families in wholesome surroundings and get an education in the rural districts; and the rural people are after all the backbone of this country. Anything that tends to centralize this industry in one big port is bad for the province of Nova Scotia. There is no reason why the hook and line fishermen should not be sustained. The menace of the trawler should not be allowed to grow; I contend that for the year 1939 no licences should be issued to the beam trawlers.

There has been a lot of propaganda in this country in favour of the trawler. Some

months ago I observed in the *Financial Post* an article headed, "Truce in the trawler war." The article goes on to say:

> A skilful manoeuvre directed, it is believed, by dominion government officials, has transformed the opposing armies in the maritime trawler battle into comrades in arms—though not perhaps yet in each other's arms.

In a letter to the editor of the *Financial Post* I said that I did not think this article correctly portrayed the situation as regards either the fishermen or the general public, and I asked to be permitted to write an article for the *Financial Post*. They sent one of their representatives here and I had a discussion with him. I saw him upstairs, and I expected that the *Financial Post* would invite me to write the article. Their representative said that the article that had appeared in the *Financial Post* had been prepared by their own correspondent in the interests of the public. But the *Financial Post* did not permit me to write an article to be reproduced in that paper in the interests of the public, and I have not yet been granted that privilege.

To sum up, Mr. Speaker, under the order in council you are not permitted to have a trawler unless you cannot get an adequate supply of fish from the hook and line fishermen. I claim also that the purchases from the hook and line fishermen should not be adversely affected, as undoubtedly they have been. The burden was put upon the minister to decide, and he must decide before next Saturday.

I liked better the order in council of 1929. Hon. members will recall that when the Hon. Mr. Cardin was minister of fisheries he visited the maritime provinces, and after he came back to Ottawa legislation was passed by parliament amending the Fisheries Act. Under section 56 beam trawling was not permitted except under certain conditions. This led to an order in council which practically prohibited beam trawling, because the order in council of 1929 stipulated that the trawler must be built in Canada and provided for the payment of a tax which would have been prohibitive and would have driven the trawlers out of business. The trawler companies refused to pay the tax and took the matter to the courts. After the case had been before the courts for some time it was withdrawn, and the money that had been paid in taxes by some companies was refunded.

The order in council under which we are working to-day is the one under which the minister must act in dealing with this problem.

Parliament has spoken on this question; three commissions have also spoken. An order in council was passed in 1929, which is said to be *ultra vires*, but which expressed the opinion of the government and parliament of this country. All the evidence is against the trawler, yet the companies concerned are able to convince people in this part of the country that beam trawlers are necessary in the fishing industry. But the people that we should sustain in the province of Nova Scotia are the hook and line fishermen. We are told that we are against progress. We come here and say to you that what parliament has done in the past should be invoked now, that the time is even more opportune for prohibiting beam trawlers.

While I know this is a difficult question, and while I appreciate the difficulties of the Minister of Fisheries in view of the contending interests who prosecute the fisheries in this country, the evidence is wholly on the side of the hook and line fishemen. I trust that when the minister makes his decision he will see to it that the interests of these fishermen are preserved and protected so that once the industry is stabilized it can go forward and be a benefit to the whole province of Nova Scotia.

Mr. J. S. WOODSWORTH (Winnipeg North Centre) Mr. Speaker, while I have no expert knowledge of the fishing industry, representations have been made to me as to the position in which the fishermen are placed, and as representing one of the groups in this house I feel I could not let the opportunity pass without endorsing what has just been said by the hon. member for Queens-Lunenburg (Mr. Kinley). I have no desire to go over the ground which he has so fully covered. As I have looked into the situation, one or two points appeal to me which I should like to bring before the house.

First of all, these licences for trawling are being given as a special privilege. The applicant for the licence must convince the Minister of Fisheries that he cannot obtain from the hook and line fishermen an adequate supply of suitable fish to enable him properly to conduct and develop his business. The hook and line fishermen claim very emphatically that that condition does not prevail, that they are able to provide an adequate supply of fish. Futhermore, they claim that even under the new arrangements that have been made under the treaty they can fill the entire quota without any assistance from the trawlers. It is quite obvious that members of parliament cannot go into that technical matter, although sometimes it seems to us from the west that members from eastern Canada discuss the question of growing wheat, and matters of that kind. However, these are matters for the specialist.

I would emphasize what the hon. member for Queens-Lunenburg has said, that every royal commission appointed by the government in the past ten years, including the price spreads committee, consisting of members of parliament, has recommended the abolition of the trawler. With that situation prevailing, it seems to me the minister should be able to produce overwhelming evidence to show why the granting of licences should be continued.

A few weeks ago, on March 11, there was published in the Halifax *Herald* an interesting table showing what the fishermen get and what the consumer has to pay. I shall not take the time to read the whole table, but there are three or four items which are fairly representative, and perhaps I might give them:

	Fisherman is paid by wholesaler Cents per lb.	Consumer pays delivered into home Cents per lb.
Haddock fillet. ..	2	20
Fresh cod fillet. ..	1½	15
Finnan haddie. ..	2	12

This appears under the heading "Fish spread from producer to consumer."

Mr. KINLEY: I do not want to interrupt the hon. gentleman, but he speaks of fillets of haddock as being sold at two cents a pound. A fillet is a third of the fish, and that would mean six cents.

Mr. WOODSWORTH: I am quoting from the table. Fresh cod per pound is 1½ cents to the fisherman and 15 cents to the consumer. That is the information this newspaper gives, and I am quoting as I stated from a table published in the Halifax *Herald* of March 11. Perhaps it is only fair to say that there are some losses, as noted here, in cutting off the heads, fins, tails and so on. Still that is a tremendous spread, and it may indicate some of the reasons why the ordinary fisherman feels that he ought to have a fair break in this matter. Not only, he thinks, is it a matter of his being able to fill the quota, but in addition to that, this arrangement by which the trawlers are not only fishermen but also dealers gives an unfair advantage to the trawlers, and this seems to be the result.

I should not like to be considered as one who is in any way blocking the natural progress in the development of the best means of getting fish. I know something about the difficulties with which we are faced in regard to trawlers on the Pacific coast. I do not know whether the same difficulties obtain on the Atlantic. But under these circumstances, with the information before the house, it seems to me that the minister should consider very carefully the whole situation before giving licences to the trawlers.

Mr. V. J. POTTIER (Shelburne-Yarmouth-Clare): I wish to correct an impression that has been left by the hon. member for Winnipeg North Centre (Mr. Woodsworth) with regard to the price of fillets. A fillet is about a third of the fish, and I should be very much surprised if fillets sold at less than from five to six cents per pound. That would be a fairer price. That is as I understand the situation, and I make that remark in order to give a fairer picture of it. Two cents a pound is altogether too low for fresh fillets, unless there is a glut or something of the kind.

I have heard a great deal about the beam trawler, and I think I can truly say that I have given more thought and consideration to this one item than to any other single question connected with the fishing industry. As far back as I can remember, the fishermen in my constituency have been almost unanimous in their opposition to the trawler.

Mr. ISNOR: What about the local member?

Mr. POTTIER: I am speaking of the fishermen in my constituency. I have no doubt the hon. gentleman is referring to the member for Digby county. The district of Clare, which forms a part of my constituency, is opposed to the beam trawler. That takes care of the remark of my hon. friend. The feeling has been that the beam trawler and the hook and line fisherman cannot exist side by side when both are given an unrestricted field. That is to say, the market for our fish is not such that you could allow a number of beam trawlers to operate without any restriction whatever, because in the end they would take over the production from the hook and line fishermen. That is the view of the fishermen in my district, and it dates back to a time during the war and afterward.

In 1910 we had one beam trawler; in 1913 five; in 1915, four; in 1917, six; in 1918, eight; in 1919, seven; in 1921, six; in 1923, seven; in 1925, nine; in 1927, ten. At the present time we have three. The three beam trawlers now operating catch approximately one-tenth of the fish caught in Nova Scotia. I think it is fair to say that we catch about 200,000,000 pounds of ground-fish in that province, and the three beam trawlers catch about 20,000,000 pounds.

To give a fair picture of the benefits which would accrue from the abolition of the three beam trawlers, one must say that the resulting good is exaggerated. For example, in

one of the counties I represent, the county of Yarmouth, if you abolished beam trawlers to-day and related the proportion of fish they catch to the total quantity of fish caught in Nova Scotia, you would find roughly that each fisherman had benefited to the extent of between seven and ten dollars.

Mr. MICHAUD: Per year.

Mr. POTTIER: Yes, per year. I think I can say that, because there is no use in exaggerating the situation. In respect to some counties that would not be true, because they catch the larger proportion of the fish, and without the 20,000,000 pounds caught by the beam trawlers it is fair to expect that they would benefit in proportion; twenty million pounds averaged at 1½ cents a pound comes to about $300,000, and we have between 12,000 and 13,000 bounty fishermen who would be involved in the division of that sum. Some individuals of course who catch more fish would get a larger proportion of the $300,000, such as $20 or $30.

Thinking back over the years, and seeing the trend that has developed, fundamentally the issue as I see it is not only the three beam trawlers, but who is going to survive in Nova Scotia with beam trawling or hook and line fishing. Trawlers and hook and line fishing cannot exist together; with unrestricted trawling in Nova Scotia the hook and line fishermen are doomed. This is demonstrated by what has been happening for the last ten or fifteen years in Massachusetts. For some years I have gone to the fish pier every time I visited Boston, and it is easy to see what is happening there. They have unrestricted beam trawling; the number of trawlers is increasing, and the hook and line fishermen are being gradually pushed out. There are several reasons for this, but the principal one is that a man on a beam trawler in Massachusetts makes about twice the amount that the hook and line fisherman does on a fishing schooner. We have to be careful to see that we do not have in Nova Scotia a repetition of what is happening in the United States.

I speak of beam trawlers unrestricted in number. Fundamentally that is what has brought about this agitation. After the war, when the demand for fish was good, we increased the number of beam trawlers; then the demand fell off; the United States placed a tariff on fish; the West Indian and other foreign markets were affected, and the fight was on.

I do not know what view the minister has. He has to deal with the matter on the evidence submitted to him. But it should not be left in that position; we should have one thing or the other, and the minister should not be harassed and criticized by one side and the other every year. Parliament should relieve the minister of the burden and decide whether we are to have beam trawlers or not. Then the fishermen as well as the companies would know where they stand, and it would be better for the industry generally. I suggest to the minister that if he is going to renew these licences, they should be renewed only for at the most sixty or ninety days, and in the meantime the whole question should be referred to the fisheries committee with instructions to submit definite recommendations so that this matter may be settled once for all.

When this question goes before the committee, two or three other important matters should be considered. There is the question whether foreign trawlers should be allowed to come to our three mile limit when our own trawlers have to keep outside the twelve mile limit. At the present time hundreds of foreign beam trawlers operate on the Atlantic coast and some of them come up to the three mile limit.

Mr. KINLEY: What does the hon. member say is coming to the three mile limit?

Mr. POTTIER: I said there were hundreds of foreign beam trawlers on the Atlantic coast. It may be 250 or 350.

Mr. MICHAUD: The number is 300.

Mr. CAHAN: I do not know the numbers, but my hon. friend's legal argument is certainly sound.

Mr. POTTIER: In former years it was hoped that foreign governments might be approached with a view to bringing about some order in this matter and having their trawlers observe the twelve mile limit, thus reserving our shore fishing for our own fishermen who are fishing from day to day in small boats and can go out only a limited distance. This question should be dealt with by the fisheries committee.

Another matter which should be dealt with is foreigners coming in and hiring on Nova Scotia fishing vessels. There should be some restriction on Newfoundlanders who, on our own vessels, are catching as much fish as the beam trawlers. Some of these captains who argue against the beam trawlers have crews who come from a foreign country.

Mr. CAHAN: The hon. member does not call Newfoundland a foreign country, does he?

Mr. POTTIER: Well, not necessarily a foreign country—

Mr. MICHAUD: Extraterritorial.

Mr. POTTIER: These things are of paramount importance and should be considered by the committee with a view to recommending to the house a definite policy which would relieve the Minister of Fisheries of the burden which now rests upon him, so that this question of renewal of licences would not come up each year without any appeal from his discretion or reference to any other tribunal. This, of course, is subject to the minister having it in mind to renew the licences. As an alternative I suggest that since a resolution was passed in the provincial legislature to the effect that these licences should not be renewed unless it is definitely known and decided that the shore fishermen cannot produce the fish, a judge of the Supreme Court of Nova Scotia should be selected to go into the evidence submitted by the corporation as to whether they can get the fish or whether they cannot. The facts would be brought out by a fair and impartial person. I do not see how anyone could object to that procedure. That would be my second alternative, my second suggestion, before these licences could be issued. It might take two or three months to have this inquiry made, and in that case I would have no objection to the licences being renewed for that short period of time, while the matter is being considered.

I cannot agree entirely with the thought that Canadian owned trawlers are going to remedy the situation. You could develop smaller trawlers; you could develop schooner trawlers that would be just as monopolistic as the present trawlers. So I suggest caution in deciding whether or not Canadian owned or Canadian registered trawlers—

Mr. KINLEY: Canadian built.

Mr. POTTIER: But even if you have a Canadian built trawler fundamentally he is going to be on one side or the other, whether the hook and line fisherman is to survive or whether the trawler is to survive.

I think I should say that my fishermen are practically unanimously against the trawler. I would ask the minister, before issuing these licences, if he is planning to do so, to refer the question to the fisheries committee or appoint a judge to decide and report on the facts with reference to the contention of the companies that they cannot obtain a supply of fresh fish.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, the condition of the fishing industry, particularly in regard to the maritimes, is a matter which has interested parliament for a great many years. The one outstanding thing which may be said in this connection is that parliament has done very little about it. The hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier), who has just taken his seat, suggests that this matter should be referred to the fisheries committee. I do not see any great objection to that, except that this matter has been investigated over and over and over again, and at the conclusion of each investigation virtually nothing has been done. I do not believe any additional information could be secured. I am certain that the department and the minister have been surfeited with information, contentions and representations of all kinds; in my opinion there is no need for further investigation. What is really needed is action.

The hon. member said that he was opposed to unrestricted trawlers. That was a qualified statement. I should have thought he would take a definite stand on this question, such as that taken by the hon. member for Queens-Lunenburg (Mr. Kinley).

Mr. POTTIER: I said definitely that my fishermen were opposed to trawling.

Mr. STEVENS: But is the hon. member opposed to it?

Mr. POTTIER: I am representing my fishermen. I hope the hon. gentleman does not think I am representing anybody else.

Mr. STEVENS: That is better, because the minister will be called upon to issue trawler licences within the next few days, and I think it desirable that hon. members speaking to this question should express their opinions very definitely to the minister. The hon. member for Queens-Lunenburg has put up a very strong appeal, and I intend to express my views also. I have no connection with the fishing industry, but I think it necessary that every member of this house with any knowledge of the subject, or any member who has taken the trouble to inform himself, should express his views.

The suggestion of my hon. friend in regard to the twelve mile limit is a very sound one. The whole field in that regard should be explored and possibly an effort made to come to an understanding with other countries under which the twelve mile limit might be substituted for the historic, recognized three mile limit. But that is a large question of policy.

Mr. ILSLEY: It has been contrary to the whole policy of Great Britain from time immemorial to extend that three mile limit.

Mr. STEVENS: Well, we did it in connection with liquor right in Canada, right on our own coast, where these fisheries are

located. If we can deal with it in regard to liquor surely we can at least explore the situation in regard to fisheries.

Mr. ILSLEY: In connection with liquor it was an anti-smuggling provision.

Mr. STEVENS: Surely we do not have to have a venal crime before the government takes action. However, that does not affect this immediate issue, and I suggest to the minister that the question is one which might be taken into consideration and explored, for whatever it may be worth.

Coming now to the question before us, it seem to me a comparatively simple matter. The policy of this country—and the only policy as far as administration is concerned—that has been followed by different governments is set forth in the order in council which was read by the hon. member for Queens-Lunenburg. A mere order in council is a pretty weak basis for administration. Perhaps it was all right at the time, for the moment, but it would have been much better if we had crystallized that order in council into an amendment to the act which would have declared our position beyond peradventure. Then, as my hon. friend said a moment ago, the minister would not be badgered every year with the responsibility of coming to a decision. However, that is the basis of our policy. In effect that order in council simply says that if it can be shown that there is an insufficient supply of fresh fish from normal sources, namely the shore fishermen or the hook and line fishermen, the minister is at liberty, as a matter of emergency, shall I say, to issue trawler licences. I think no one will challenge my interpretation of the order in council.

Mr. MICHAUD: Except that it is stated in a positive rather than in a negative way.

Mr. STEVENS: The question arises, is there an insufficient supply of fish? Need I do more than ask the question? One of the problems with which we are confronted is the finding of markets for our fish. The senior member for Halifax (Mr. Finn) a few weeks ago discussed the question of lobsters, and in the course of that discussion the question of a market for fish came up. Last session, and again this session, the hon. member who has just taken his seat, together with other hon. members from the maritimes, made eloquent speeches pleading with parliament to do something to find extended markets for the fish of the maritimes. We are justified, I think, in concluding that there is an ample supply of fish; therefore on that ground there is no need for the issuing of trawler licences.

I propose to refer briefly to the investigation made by the price spreads committee and commission so far as it related to this matter. The subject was gone into fully, and I believe the report discloses what is really at the root of this whole problem; I shall refer to that later, after I have read a few extracts from the report. At page 175 of the report I find this paragraph:

> It appears that formerly there were a number of small companies or dealers purchasing fish from the producers in practically every fishing centre along the Atlantic coast. Gradually, consolidations and amalgamations took place; some of the dealers were forced out of business; larger companies arose. For a time these larger units maintained plants along the sea coast, but later the plants located at remoter points were closed and there became apparent a general trend towards centralization. Even in communities where dealers and companies continued to operate, this trend toward centralization had its effect through a decrease in the number of those offering to purchase fish. In other words there was a local "centralization" even in instances where this did not extend to provincial "centralization."

Here I think we have largely the crux of the whole problem. There has been a gradual concentration in the processing and distribution side of the fisheries industry. I remember a year or two ago visiting some of the centres along the straits of Canso, where magnificent plants had been bought up by the large central company, and closed down; the purchase of fish in that whole district had been more or less abandoned. The result was that the fish had to be taken all the way to Halifax to find a market. Obviously this was done, of course, as a part of the business efficiency methods of the distributing and processing company, but with disregard for the convenience and indeed the welfare of the fishermen themselves.

Let me read further:

> The evidence submitted to us, however, clearly indicates that there are few, if any, problems in connection with actual production.

This supports what I said a moment ago about supply.

> The catch of fish in eastern Canada is ample, and, in some seasons, more than ample to meet the demands of Canadian and export markets.

That I submit in respect to the question of supply. As to earnings of fishermen, everyone knows that in the maritimes they are scandalously low. The figures given here, which prevailed in 1933—there may have been some variations since—were these:

> Evidence submitted by competent witnesses indicates that the earnings of the average fisherman in the different localities of eastern Canada for the year 1933 ran from $75 to $400, according to the district in which the fisherman worked.

Of course I am not including in these figures the workmen on the trawlers. In justice I should say that these figures apply chiefly to shore fishermen. The point I wish to emphasize is that the earnings of fishermen are extremely low. The fisherman's condition is certainly very serious. That I offer further on the question of supply. The report goes on:

These low earnings are in the vast majority of cases, not due to any lack of industrious application to his work on the part of the fisherman, who works longer hours and endures more hardships than do those in many other occupations. They are the result of unfavourable economic conditions which have reflected themselves in the industry and which for the fisherman are intensified by the fact that on the side of the corporation buyer there is strong bargaining power; on his side complete or almost complete absence of such power.

Here again we have the effect of the concentration of control. Let me pause there to say this: After a close study of the problem from the standpoint of distribution and processing, and from that of the fisherman, my firm conviction is that the corporation, chiefly the largest one, desires to have the trawler so that he may have large quantities of fish which will enable him to control the market price of fish from the hook and line fishermen and from the shore fishermen. The minister shakes his head. He may differ from me, and others may differ. But that is my firm conviction, after a careful study of the whole business. I am convinced from the evidence which we heard from the heads of the corporation itself as well as from others—and there were several days of it—that the main reason for the persistent demand for the existence of the trawler is to maintain control over the supply of fish.

If we take the argument they have advanced and treat it seriously, we find it is this. They say that there is a fluctuation in the flow of supply from the hook and line and shore fishermen. That is challenged; however it is their argument. Therefore in order to maintain a steady supply to the markets of Montreal, Toronto and other points in upper Canada, they must have the trawlers. Their argument is that if they cannot have the trawlers, they may break down in their distribution to these centres. I do not consider the argument worthy of very much consideration.

Mr. ILSLEY: Why not?

Mr. STEVENS: First, in the light of the facts as we know them with regard to a supply of fish—and I say an ample supply of fish.

Mr. ILSLEY: A steady supply?

Mr. STEVENS: Yes, a steady supply on the market, and—here is the point exactly—not to the convenience of the big processing firm.

Mr. MICHAUD: To the consumer.

Mr. STEVENS: Yes, the consumer. What consideration is given the consumer, after all?

Mr. MICHAUD: Very much.

Mr. STEVENS: What consideration is given the consumer? He has to pay from 18 cents to as high as 30 cents a pound.

Mr. MICHAUD: For good fish.

Mr. STEVENS: Yes; and Mr. Fisherman gets from three-quarters of a cent to half a cent a pound. When I asked the head of the institution if there was not somewhere in between a cent and a half—taking the highest price he was giving—and the selling price of 18, 20 or 30 cents another half cent for the fisherman, he shook his head and said he did not think it could be found. No; there was very little consideration for the consumer. And I am not at all satisfied with the method of distribution of fish, despite all this boasting of efficiency on the part of the larger corporation. There is perhaps an improvement, but I doubt if there is very much. We can show extensions of business here and there. But, for example, let us consider the city of Ottawa: Anyone interested in fish merchandizing who will walk around this city and see the way maritime fish is offered to the consumer here will wonder that as much of it is consumed. That is my conviction so far as the distribution in Ottawa is concerned.

Mr. CAHAN: That is due largely to a civic regulation which ought to be abolished if we are to have edible fish in the city of Ottawa.

Mr. STEVENS: Possibly so. But what I am getting at is that we are always willing to find some almost visionary excuse for the distributor—in this instance the distributing company; but it is always at the expense of the fisherman. Here we are, going over this problem year after year, although the facts and conditions have been known for ten or fifteen years. We know about the problems of the fishermen, but outside of some little grant here or some little sop or palliative there, we are doing little or nothing to meet their needs. The first thing we ought to do is to endeavour to get the producing end of this business on a sound footing.

Let us consider the interjection made a moment ago by the Minister of National Revenue with regard to the question of

supply. Any study of the history of the industry will disclose the fact—and the hon. member for Queens-Lunenburg will set me right if I am astray—that within the last ten or twelve years the schooners from Lunenburg have developed a technique in connection with hook and line fishing which is a great credit to the fishermen of that district. I am told by those who are competent to judge that in its essence the Lunenburg schooner is equal or superior to the trawler, except that it does not sweep up huge quantities of fish in a short time. Steady progress has been made in the last ten or fifteen years by the producers of fish in improving their methods. I am told that these splendid schooners now surpass anything in the world as a fishing instrument. The supply of fish is just as soundly assured as it would be through the operation of trawlers.

There is another question to be considered, that of conservation. I know that this will be brushed aside, but it should be considered nevertheless. I am not advancing this argument with a view to doing away with the trawler because of destructive methods; I am simply saying it is a factor which should be considered, particularly where we have assured an ample continuous supply. The trawler sweeps the bottom of the fishing areas; it sweeps into the ship all sorts of immature fish, poor fish and good fish. I am told there is a possibility of the trawler destroying the marine vegetable life on the ocean floor, which may have some effect upon our fisheries. These are questions to be determined by the fishery experts. I believe they are divided in their opinions, but one thing is certain, that the trawler method of fishing is not helpful to the conservation of fish. At least we can dogmatize on that point.

Mr. POTTIER: That is why we should try to have foreign trawlers keep outside the twelve mile limit.

Mr. STEVENS: I agree that that would be an excellent thing if it could be done. We should have an understanding with the other countries.

Mr. CAHAN: The only possible way it could be done would be by international convention.

Mr. STEVENS: My hon. friend is quite right, and I would strongly urge that that be done. I am told that very few of them come within the twelve mile limit, but if they do, the effect is bad.

In its report, after considering all the factors, the question of supply, the low wages paid to the fishermen, the processing costs, the consumer interest, and so on, the commission made this recommendation at page 198:

> This board might be known as the "Fisheries Control Board" and should be restricted only by the terms and provisions of the marketing act. The proposed board should not in the first instance attempt to institute revolutionary reforms, as affecting various branches of the industry, but should proceed through successive steps to eliminate, in logical order, the more pressing disabilities. Its most important duty would be to make every possible effort to ensure that the fishermen secure a fair price for his fish and not, as at present, the pittance that is left over from the consumer's dollar after all other branches of the industry have received their share. The board might next approach the problem arising from conditions in domestic retail markets.

Let me pause to give utterance to a bit of philosophy of mine with regard to the primary producer, not only of fish but of other products as well. The first duty of parliament, indeed I would say the first duty of all students of economics who have the welfare of Canada at heart, should be to see that the primary producer receives a fair return for his effort. That should be the fundamental principle underlying all our economic thinking. It is the basis of whatever I may have in the way of philosophy in approaching economic problems. The same applies to the farmer. I am sorry to say that many approach this question from the point of view of what they call the consumer's dollar—page the hon. member for Huron North (Mr. Deachman). They take what they call the consumer's dollar, and out of that must come distribution costs, transportation, processing costs and the profits of these various activities. The primary producer gets what is left. My argument is that it should be exactly the reverse. There should be a fair return to the primary producer, in this instance the fisherman, and upon that you should erect your costs. Then it should be the duty of parliament or other public bodies to scrutinize carefully the subsequent charges and costs, such as processing, distribution and so on, to see that there is no unfair exploitation of the consumer. If we do not give the primary producer a fair return, we cannot have a healthy economic condition. Roughly speaking, one-half of our population is in agriculture while another substantial portion is engaged in the fishing industry. Then we have our lumbering and mining, both major operations. All of these activities are of immense importance to Canada. If this great body of activity is not assured a reasonable and fair price for its efforts, there cannot be

a healthy economic condition in the state. Let me continue with the reference the report makes to this board, which I submit is quite appropriate at this time. They recommend further:

Through successive steps the board might then proceed to action in connection with disabilities of the industry in something approaching the following order:

(1) The elimination of misrepresentation of varieties and grades of fish as now prevailing in the retail markets in Canada.

I pause there to interject what I said a moment ago. One of the difficulties in the interior part of Canada, particularly in the densely populated parts of old Ontario, is the lack of accurate information as to the varieties and uses of fish. The minister and his predecessor have done a good deal to improve this condition. Lately we have had a number of broadcasts by some charming lady whose name I have forgotten. All this is useful work, but it merely touches the surface. I continue:

(2) The establishment of a higher standard of quality of fish marketed in Canada by regulating the conditions under which fish, and especially fresh fish, may be handled.

There is a long story there which might be elaborated.

(3) The establishment of adequate inspection of grades as affecting products for the Canadian and export markets.

(4) The elimination of consignment shipments.

This is something which might very well engage the attention of the government.

(5) The elimination of cut-throat competition and other unsound trade practices.

This could be done by making the trade and industry commission a functioning body. In saying that, I do not intend to reflect upon the late Mr. Justice Sedgewick. During his excellent administration his time was fully occupied with the tariff board; the trade and industry commission was a mere incident. It has never been given the consideration or support which it deserved. Such matters as I have mentioned ought to be referred to the suggested board for its consideration and finding—the elimination of cut-throat competition and other unsound practices; the direction of surplus production of fish through channels calculated to bring the most profitable financial return. Let me say this in connection with the export business, whether in fish or in any other product. It is possible that with the growing control of markets the world over, the nation as a whole will be forced to take some part in the export of certain of our primary products. I shall not go further into that at the moment. There is this other question which ought to be referred to the board: a thorough survey of conditions surrounding, as well as the disabilities retarding, development of existing and potential export markets.

These are some of the suggestions that were made. I do not see why such a board as that recommended by the price spreads commission has not been set up before this. Even though there may be a question of jurisdiction, such a board could in my opinion, through the effect of publicity alone, as I have said in this house before in regard to other matters of the kind, where jurisdiction is in question, do a great deal of good.

Let me come back to the immediate issue before us, namely, whether or not within three days to issue licences for these trawlers. I suggest to the minister that for this year we give the fishermen a break. Let us have the corporation do the suffering, if there is to be any suffering, refuse the licences for the trawlers this year, and see what happens. The suggestion is made that if the licences are refused, there will not be a supply of fish. Very well; let us prove it. Why should we always make the fisherman the goat? Why must we always do nothing for fear of interfering with some large corporation operating trawlers, for fear that they might peradventure suffer, on the other hand ignoring the interests and repeated requests of the fishermen? Let us this year reverse the process and refuse the licences for the trawlers. Let us give a test to this request which the fishermen have made, and see if we cannot improve their conditions. At the end of the year, if we see that we have actually improved the conditions of the fishermen, and if there should be some loss or alleged or supposed loss on the part of the corporation, it will be a question of balancing advantages and disadvantages.

Mr. MICHAUD: But what if the loss is on the other side? What if the hook and line fishermen lose?

Mr. STEVENS: As a result of cancellation of the licences?

Mr. MICHAUD: Yes.

Mr. STEVENS: The only way that loss could come about—and here I warn the minister—would be through a deliberate and intentional effort on the part of the corporations that are buying these fish to penalize the fishermen.

Mr. MICHAUD: But the damage would be there, nevertheless.

Mr. STEVENS: Then parliament should be made aware of what had happened, and perhaps more drastic measures should be made effective. I have not an atom of sympathy with any institution which would cause loss or suffering to a body of primary producers, just out of spite; just because a policy they advocated was not put into operation—not an atom of sympathy; and nothing this parliament could do would be too severe in dealing with such a situation.

Mr. POTTIER: Refer it to the fisheries committee.

Mr. STEVENS: No, this is something to be acted on right now. I am not reflecting on the fisheries committee at all. Refer your twelve mile limit and these other questions to the committee, but on this particular question let us have action. Let the government, I was going to say, take the bull by the horns, but that would be a mixed metaphor—let them take the fish by the tail and refuse the licences this year, and let us see what will happen as a result. My own feeling is that if these corporations play the game decently there will be benefit to the fishermen, and we shall find that we can get along without the trawler. If the result is such as to warrant it, one might —I am not saying that it should be done—consider the question whether the corporations should be compensated for the loss of the trawlers, assuming it were considered desirable as a matter of permanent definite policy that there should be no trawlers. Let us at least give it a trial. If three trawlers are good for the fishing industry, if trawling is the best way as the hon. member for Huron North seemed to suggest a little while ago, then why not six or twelve or twenty-four trawlers?

An hon. MEMBER: Never.

Mr. STEVENS: No, there would be a revolution down there.

Mr. CAHAN: Will my hon. friend allow a question?

Mr. STEVENS: Certainly.

Mr. CAHAN: Has he considered the effect of abolishing trawling in the maritime provinces, and allowing trawler fish to come into our markets under the present customs duties?

Mr. STEVENS: I would certainly deal with that situation by increasing the duties if they did come in to any great extent. My hon. friend has asked a reasonable and pertinent question, but let us look at this thing. We have an asset in our fisheries which we in this parliament control. We have some thirty to forty thousand fishermen engaged in that industry, with tens of thousands more indirectly affected. In three provinces fishing is substantially the major industry. The maintenance of this industry is something worthy of almost any action on our part. If fish filter into our markets from trawlers from Boston or other United States ports, we can deal with that situation, and I would not hesitate to deal with it. This idea that protection is something which should be eternally abhorred is all wrong. In taking that attitude we belie ourselves because we give protection indirectly, this way and that, in many ways; but hon. gentlemen opposite cry to high heaven when the word "protection" is used. Self-preservation is the first law of nature, and reasonable protection for indigenous industries of this kind is the perfectly sound and natural course for us to take, I would not hesitate a moment to meet a contingency of that kind by adequate protection. But let us give to the fishing industry the opportunity which is now before us of doing something at least towards its improvement.

Hon. J. L. ILSLEY (Minister of National Revenue): Mr. Speaker, I should like to say a few words on this question. I do not know that I would have spoken this afternoon except for the remarks made by the hon. member for Kootenay East (Mr. Stevens). He seemed to assume that the issue here was one between the interests of the fisherman and the interests of the big companies or of one big company, and of course after my hon. friend, with his parliamentary experience and forcefulness, repeats that a number of times hon. members and others are perhaps likely to assume that it is the real issue. The question here is not whether parliament or the minister should act in the interests of the Maritime National Fish company or in the interests of the fishermen of Nova Scotia. The question here is what is in the interests of the fishermen of Nova Scotia.

I should like to say a few words about the background of this matter and about the trawler issue generally. I have listened to discussions in this house during many sessions, and the situation does not develop a great deal as the years go by. There are, however, some slight changes.

As has been pointed out, there are fishing on the banks off the shores of Nova Scotia, the banks of the north Atlantic, about three hundred American and foreign trawlers. Canada has, all told, three trawlers under licence, all three owned by one company, the Maritime National Fish company, which has its head office at Halifax and does business

there. It used to be said that the Maritime National Fish company was a United States owned corporation, and that fact was always stressed in the debates; but since 1937 that can no longer be said, because the company, a Canadian corporation, is now widely owned in the maritime provinces. The question, however, is this: Shall the Maritime National Fish company be granted a renewal of its trawler licences?

As to the effect of that, if it were done, I want to trace the facts in detail as I see them. Hon. members must realize that in Nova Scotia there are many types of fishing for ground or bottom fish. There is schooner fishing. The centre of the schooner fishing industry is, I suppose, the town of Lunenburg from which the hon. member for Queens-Lunenburg (Mr. Kinley) comes. There are the inshore fisheries, which extend almost all around the shores of Nova Scotia. The hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier) is chiefly interested in the inshore fisheries. East of Halifax, along the long shore-line of eastern Halifax, Guysborough and Richmond, are a large number of inshore fishermen. I believe the bounty figures show about 3,000 of these inshore fishermen along that long coast.

Mr. CAHAN: That is boat fishing.

Mr. ILSLEY: Yes, the inshore fishermen. They go out in small boats and fish, bring their catch in at night, go out again the next day and so on. The economic distress in Nova Scotia is mainly on that shore-line from Halifax east. That is where conditions became desperate a few years ago, and conditions there are still bad. That is the home of the cooperatives. That is where these priests, clergymen and others have taken an interest in the conditions in their various communities and have organized cooperative stores, credit unions and cooperative lobster packing plants, and they have made some progress in improving the economic condition of the people.

In considering the fishing problem of Nova Scotia, I am not ignoring the problem in my own constituency, or the problem in the constituency of the hon. member for Shelburne-Yarmouth-Clare; and there is some problem, not nearly as serious as in the eastern constituencies, in the constituency of the hon. member for Queens-Lunenburg. Ordinarily, however, we think primarily of the problem that exists in the great eastern district, with a large population and a small production, and its poverty. What sort of business does the Maritime National Fish company at Halifax carry on? It carries on predominantly a fresh unfrozen fish business. Hon. members this afternoon have not made any reference to the distinction between the fresh unfrozen fish business and the fresh frozen fish business. Perhaps the hon. member for Queens-Lunenburg did; I do not know; but I do not think a clear distinction was made between the fresh unfrozen fish business and the fresh frozen fish business. There is all the difference in the world between the two, and that difference is at the root of the question. It is that distinction which makes the question a difficult one, not a one-sided question as the hon. member for Kootenay East would have us think.

A distributor who carries on a fresh unfrozen fish business must get the fish into the hands of the consumer a very few days after they leave the water, and that means that if there are periods of a week or two weeks during which, on account of storms or for any other reason, the fish cannot be landed at the port and sent forward, the fresh fish business passes into the hands of somebody else. It passes into the hands of suppliers of competing fresh fish, other food products or other kinds of fish. At any rate, it goes. Hon. gentlemen may say there should not be any fresh unfrozen fish business, and there is something to be said for that position in general. It may be said that it would be desirable if all fresh fish that was marketed could be put on the market as frozen fish. But parliament cannot decide the taste of the consumer. The consumers of Montreal, Toronto and other places to which this cod and haddock go from Nova Scotia ask for fresh unfrozen fish and demand that they get it. Therefore the fresh unfrozen fish business is different from the fresh frozen fish business.

I do not blame my hon. friend the member for Queens-Lunenburg for urging what appears to him to be the interest of his constituents—and it was more nearly the interest of his constituents than that of anyone else that he was urging—

Mr. KINLEY: They are in the forefront.

Mr. ILSLEY: —as I shall show in a few minutes. The hon. member asks this question: Why should one company and no one else be allowed to use these trawlers? Well, the hon. gentleman knows, and it is a fact, that at Lunenburg the business is mainly, about eighty-five per cent, a fresh frozen fish business.

Mr. KINLEY: At certain times of the year only.

Mr. ILSLEY: Those are the figures.

Mr. KINLEY: They have plants at Lockeport and other places where they produce fresh fish.

Mr. ILSLEY: At Lockeport the business is fifteen per cent fresh unfrozen and eighty-five per cent fresh frozen; at Lunenburg, thirteen per cent fresh unfrozen and eighty-seven per cent fresh frozen; at Halifax, for the Maritime National Fish Company, 57·4 per cent fresh unfrozen and 40·6 per cent frozen.

Mr. KINLEY: What about Lunenburg?

Mr. ILSLEY: I have already given the figures for Lunenburg—thirteen per cent fresh unfrozen and eighty-seven per cent fresh frozen.

Mr. KINLEY: And Lockeport?

Mr. ILSLEY: I have given it. I must proceed with my speech if I am to finish. I have given those figures. The point is this. Companies such as the Lunenburg Sea Products, a most efficient company, which conducts its business at Lockeport and Lunenburg, although it does some at North Sydney, can operate with schooners because it is doing very largely a fresh frozen fish business. The character of the Maritime National Fish company's business is entirely different.

I want to show the trend of the business during the past few years, and the proportion of these ground fish supplied by the trawlers. In 1934 the total catch in Nova Scotia was 161,110,000 pounds. By 1937 the total had risen to 181,574,000 pounds.

The trawler catch in 1934 was 17,972,000 pounds, and in 1937 that had increased to 18,057,000 pounds.

The catch by offshore schooners in 1934 was 23,132,000 pounds, which by 1937 had increased to 76,870,000 pounds.

The catch of the inshore fishermen in 1934 was 120,005,600 pounds, and by 1937 that had decreased to 86,646,000 pounds.

That is, there was in those four years a 12·7 per cent increase in production, of which increase four-tenths of one per cent was on account of the production by trawlers, and there was an increase of 232·3 per cent in production by schooners and a decrease of 27·8 per cent in the catch of the inshore fishermen. So the business of the inshore fishermen has not been taken away by increase in trawler production of fish but by the 232 per cent increase in schooner production.

Mr. KINLEY: There is an innovation since the earlier years, namely the diesel engine schooner.

Mr. ILSLEY: The price spreads committee report was in 1934 and that dealt with the schooners. The proportion of total catch on account of trawlers was as follows:

	Trawler catch, Percentage	
	All Atlantic coast	Nova Scotia
	Per cent	Per cent
1930	12·3	17·3
1931	11·9	17·1
1932	11·3	17·4
1933	8·9	14·5
1934	7·4	11·1
1935	8·9	13·2
1936	7·5	10·7
1937	7·3	9·9

For 1938 I think the proportion landed in Nova Scotia by trawlers was about ten per cent.

Mr. ISNOR: It was 9·96 per cent.

Mr. ILSLEY: It is admitted, I think, by everyone that for supplying the fresh fish market in the winter, next to the trawlers the best method is the Lunenburg schooners. The hon. member for Queens-Lunenburg will say that they are the best method, but even the closest friends of the trawlers would admit that the Lunenburg schooners are the next best. It must be realized that there are no inshore fisheries at Halifax to amount to anything; a few fishermen are along the coast outside Halifax, but anyone carrying on a fresh fish business at Halifax has to rely on fish from the banks in the north Atlantic, and the only way to get fresh fish from there is by trawlers or schooners.

Mr. STEVENS: Can they not get fresh fish along the east coast?

Mr. MICHAUD: It is no longer fresh when it gets to Halifax.

Mr. STEVENS: Why did this Maritime National Fish company, with which the minister is very familiar, buy and close up the plant on the strait of Canso where they used to get a supply of shore fish?

Mr. ILSLEY: I do not know anything about that. And if the hon. member, when he uses the words "with which the minister is very familiar," is intimating that I have any brief for the Maritime National Fish company he is very much mistaken.

Mr. STEVENS: I simply say the minister is obviously very familiar with the operations of the Maritime National Fish company.

Mr. ILSLEY: Not at all. I will come to that if I can. I want to follow out what I was saying. There is no doubt, everyone has always admitted, that if the trawlers were discontinued their place would be taken by the

Lunenburg schooners. What difference would that make in the general situation? Nine schooners do the work of three trawlers. The crew is practically the same. You have seventy-five men working on three trawlers, or 225 men working on nine schooners. So you have a net increase in employment of 150 men. I do not think there is any informed person in Nova Scotia who thinks that a change would make any difference to anybody except the 150 men, and such business as might be made by the building of the schooners. It is purely an issue between the schooners and the trawlers.

All these poor fishermen on the long shore-line from Halifax east are unaffected except in two possible ways. Let us assume that the company are right when they say that they could not with schooners keep up a steady supply of fresh fish for the Montreal market, day by day, as they are able to do with trawlers, because the trawlers can plough through storms and all kinds of weather and bring the fish to Halifax, but the schooners, while they can go out in all weathers cannot fish in all weathers, because the fishing is not done from the schooners, it is done from the small boats or dories. If there is a storm for five or six days the men have to stay in the schooners; they cannot go out and fish at all. That is the reason the Maritime National Fish company every year make these representations to the government, at length, under oath, that there are long periods in the winter when they could not get fish from the schooners, while they are able to get them with the trawlers.

Let us assume that they are right when they say that the cancellation of the trawler licences means that they could not supply the fresh fish market, or would have to try to run in some frozen fish; is that not going to hurt the whole fishing industry of Nova Scotia? Is not anything that causes a loss of markets or gives a blow to the market, antagonizes their consumers, the wholesalers and retailers who buy from them, going to have a serious effect on the whole fishing industry? My hon. friend says, "Let us try it; let us see whether the market is lost." My hon. friend must know that when you lose a market, you do not get it back very easily. This market has been built up over the last twenty-five or thirty years; you cannot thus cavalierly experiment with established connections in this way unless you are pretty sure you are right. I grant at once that if the Minister of Fisheries (Mr. Michaud) is satisfied that these allegations are untrue; that these affidavits are perjured; that there are not long periods during the winter months when schooners and dories could not supply the fresh fish that is required for the market; if he is satisfied with those things, he has to refuse to renew the licences. That is the issue, and that is the basis on which he has given his decision the last two or three years.

I started to say what the effect on the fishermen might be. That is one effect it would have on the fishing industry of Nova Scotia as a whole. There is another.

Mr. STEVENS: Will the minister permit a question?

Mr. ILSLEY: Yes.

Mr. STEVENS: Frozen fresh fish would not be affected in the way in which the minister has just intimated?

Mr. ILSLEY: No.

Mr. STEVENS: And a very large proportion of the fish is frozen?

Mr. ILSLEY: Oh, yes.

Mr. STEVENS: And could be marketed in those periods when fresh fish is not available?

Mr. ILSLEY: I gave the figures; between fifty and sixty per cent of the output of the Maritime National Fish company is fresh fish; and that is a great deal of fish.

Just let me continue. I had a train of thought, but I get led away from it by these interruptions, and for some reason or another I find it hard to get back to it again to-day. The second point I was going to make was that the Minister of Fisheries, this minister who, we are told, has not done anything for the inshore fishermen of Nova Scotia, within the last year attached a condition to the granting of these licences, that condition being that the Maritime National Fish company must purchase all the fish that was offered from Halifax to Richmond. That is the part of the coast which needs help. The condition was that the company must purchase all this fish at Halifax prices, and provision was made for a collection service to deliver the fish there. The company have carried out that undertaking. Hon. gentlemen might say, "Ah, well, why not make them do that anyway, whether or not they have trawlers?" Well, we have no control over this corporation, which, if I am not mistaken, is provincially incorporated. This is practically the only control this government has; that is, it can stipulate as a condition of the granting of these licences that they treat the inshore fishermen in a certain way, and as a matter of fact that is what has happened. Every year they purchase more hook-and-line fish than they catch in their trawlers. I have not the latest figures, perhaps the Minister of Fisheries can give them later

on. I believe they catch something like twenty million pounds of fish by means of their trawlers and purchase between twenty and twenty-three million pounds of hook-and-line fish. So the granting of these licences gives us an opportunity to attach these conditions which will make it necessary for them to purchase these fish from these inshore fishermen. If the trawler licences were cancelled, I do not know who would buy these fish, which are a long distance away and which cost a great deal of money to get to Halifax. I suppose the government would be asked to purchase the fish, or something like that.

Mr. STEVENS: Yes, but the company bought and closed up a plant on the strait of Canso.

Mr. ILSLEY: I do not know the story of that plant.

Mr. STEVENS: I saw it there.

Mr. CAHAN: The cost of transportation from the port of Canso was too heavy to permit them to compete with shipments from Halifax.

Mr. ILSLEY: I have listened to evidence given at inquiries in regard to that plant at Canso, which at that time had six or seven trawlers. The agitation against trawlers became very hot, and they could not carry on without them.

Mr. STEVENS: No.

Mr. ILSLEY: Oh, yes; that evidence has been given repeatedly.

Mr. MICHAUD: Yes, that is what happened.

Mr. STEVENS: That is not what the local people say.

Mr. ILSLEY: I was interested in what was said by the hon. member for Kootenay East as to the point at issue; that is, he said it was not worth while arguing as to whether a steady or adequate supply of fish of a suitable type could be supplied otherwise than by the trawlers. "Why," he said, "look at the tremendous quantities of fish caught in Nova Scotia." He was not getting to the point. When you are dealing with a fresh fish market, it is of no use to have quantities of fish stacked up in Cape Breton or Yarmouth. An adequate supply of suitable fish means a supply when you want it, a steady supply, coming in day by day, which enables you to retain and, if possible, expand and develop your market. That was the point he did not argue; that was the point he said was not worth while arguing, but that is the issue the Minister of Fisheries has to decide.

Mr. STEVENS: The fresh frozen fish would fill any gap.

Mr. ILSLEY: My hon. friend is back on that. He is suggesting that we change the consumer demand, which parliament cannot do.

Mr. STEVENS: No.

Mr. ILSLEY: I would suggest that the hon. member read the Cockfield Brown report. They went into nearly every retail store in Canada, and made an exhaustive census as to the demand for fresh fish compared with the demand for frozen fish. They came to the conclusion that the demand for fresh fish was very much greater than the demand for frozen fish. Now, does my hon. friend suggest that we do something in an attempt to force frozen fish down the throats of people who want to buy fresh fish? I never heard anything so irresponsible in this house.

Mr. STEVENS: It is not quite so silly as the minister seeks to make out. We are not quite as ignorant as he tries to suggest.

Mr. ILSLEY: But my hon. friend says, "If there are times when you cannot supply fresh fish and you have plenty of frozen fish, why not send them?" That was what he said. His statement can have no other meaning in the world than that which I have placed upon it.

Mr. NEILL: If I might ask a question, are not the fresh fish markets of the whole world governed from time to time by the weather conditions prevailing at nearby sources of supply?

Mr. ILSLEY: Yes, that is so; and practically every country in the world has overcome that condition by means of trawlers, of which there are four thousand in operation throughout the world. The United Kingdom relies on trawlers as its method of getting fresh fish; the United States, France and many other countries rely on trawlers. No one will suggest that there is any comparison between trawlers and dories as a means of catching fish in a storm.

Mr. NEILL: I did not ask that. I asked if the fresh fish markets in other countries were not subject to the exigencies of the weather in nearby sources of supply. I do not think you can get away from that.

Mr. ILSLEY: I do not think that is the case.

It has been said that every commission has found in favour of the abolition of the trawler. I was on one of these commissions, and at the time, on the evidence presented to

us, I did come to the conclusion, which was shared by a majority of the commission, that the method of fishing by the Lunenburg schooners would be perfectly suitable. My hon. friend says this question was gone into thoroughly. I want to say this, that none of these commissions was set up to deal with the trawler question exclusively. These were commissions which dealt with a wide range of subjects; and when you are dealing with this question and—in the case of the price spreads commission—a hundred others, an extremely limited time is given for consideration of this particular problem. I have learned a good deal since then; I have gone into this question. As far as I can remember, this distinction between fresh and frozen fish was not dealt with before that commission at all. The matter was gone into in a sketchy way; and, as I see them, the facts are exactly as I have stated them to-day. There was the Maclean commission, in which there was a dissenting report. The report following the Cockfield Brown investigation was wholly in favour of trawlers. In the case of the Jones commission, one of the commissioners refused to express any opinion because he did not feel competent to do so. In the price spreads commission also there was a dissenting report. But here is the singular fact, that no one charged with responsibility, no one in the position of a minister and no one in the position of a government since 1910, when trawlers first came into use, has ever reached the situation where they thought they dared take that chance with the fresh fish business of eastern Canada.

Mr. KINLEY: Except in the Ralston order in council of 1929.

Mr. ILSLEY: That was a compromise, or something of the kind.

Mr. KINLEY: It was absolute prohibition.

Mr. ILSLEY: No, it was never put into force at all. No person charged with real responsibility has undertaken to abolish these trawlers. It may be that they should be abolished. The situation is in a narrow compass: It is up to this Minister of Fisheries to decide on that question of fact, and unfortunately he has to decide it every year. He has to decide on this question: Can another method of catching fish furnish an adequate supply of suitable fish? He gets evidence on both sides, and he has found himself impelled from year to year to come to the conclusion that it cannot do it.

Mr. DUNNING: Just as his predecessor did.

Mr. ILSLEY: Just as Mr. Rhodes did, just as Mr. Duranleau did and just as other ministers of fisheries have done. They have been doing that every year. Members from Nova Scotia, and notably one of the ablest of Nova Scotians, Mr. Ernst, who represented Queens-Lunenburg, and who was the predecessor of the hon. member who spoke this afternoon, said in a speech I heard in the house, that the question is not one of abolition, but one of regulation. He said, "While this may not be popular in my constituency. I feel that this company in Halifax cannot get a continuous or steady supply of fish unless they have trawlers." Therefore he said they should not be abolished but should be restricted. He and every other minister who held office in the Bennett government between 1931 and 1935, and ministers who have held office since 1935, have come to the same conclusion. There is a business situation there. There is a practical situation. There is no use in trying to make it into an issue between a big corporation and the fishermen. The question is: How are you going to maintain your business and see that you look after those fishermen in eastern Nova Scotia, and at the same time keep some hold on the people who are processing, who have plants and facilities for processing, and see that they buy those fish.

It is true that in some parts of Nova Scotia sentiment is strongly against trawlers. I have heard it said that there was no use in arguing against the sentiment, because people's minds were set. But, as a minister from Nova Scotia, whether it hurts me or helps me, I cannot help saying what I sincerely believe about this matter to which I have given a great deal of thought and study during the last two or three years. I have no fault to find with the manner in which the Minister of Fisheries has dealt with it and is now dealing with it. I hate the legislation, and I hate the order in council. I wish we did not have to have this barrage every year from both sides of the house, but we have to face our responsibilities.

As I have said, the minister has not yet given his decision this year, and I do not know what it will be. But the position lies right within a very narrow compass. There is no use in trying to convert it into a great social or humanitarian issue, because it is not anything of the kind. It is a question of what is the best thing to do for the fishermen of Nova Scotia.

Mr. STEVENS: Would the minister permit a question? I believe he has under his hand some statistics which might be helpful to me. Where was the frozen fish marketed?

Mr. MICHAUD: In the United States and Canada.

Mr. ILSLEY: I have not the figures or destinations before me, but generally speaking I know frozen fish is marketed in Canada and the United States.

Mr. MICHAUD: And Great Britain.

Mr. STEVENS: Who was the scoundrel who rammed it down people's throats, to whom the minister referred?

Mr. ILSLEY: I cannot seem to explain myself to the hon. member. There is a market for frozen fish and a market for fresh fish, and anybody who knows his business is going to cater to both markets.

Mr. KINLEY: Right.

Mr. STEVENS: And the one company which handles only fresh fish is the company which insists upon these trawlers.

Mr. ILSLEY: No, not only fresh fish—but the greater part of its output is fresh fish.

Mr. STEVENS: Its principal business.

Mr. ILSLEY: Yes, and that is the reason why it says it needs trawlers.

Mr. STEVENS: Yes, exactly.

Mr. R. J. DEACHMAN (Huron North): Mr. Speaker, I should like to fish for just a few moments in these troubled waters, and I promise to pull my line in quietly at the first opportunity. I do not like the approach made to the problem by the hon. member for Kootenay East (Mr. Stevens). He suggested the price should first be set in regard to the basic products, and then that we should build up until eventually we reach the consumer. But the problem which worries me as a consumer is this: What would you do if, when you came to the eventual consumer, he simply refused to buy? My hon. friend, I think, would be left like Mahomet's coffin —suspended somewhere between heaven and earth.

There is another thing which faces any producer. He must reach the consumer's dollar, but the product he supplies must be within the consumer's capacity to buy. Unless it is within the capacity to buy, then the man has no market for his product, and no pleas on behalf of the basic producer will solve the problem. It must be solved by an adjustment in our fundamental economics.

I was down in Nova Scotia last summer and, while there, made a study of the fishing question. Between 1928, which was a banner year in Canadian production, and 1936, when we were just crawling out of the depression, there was a decline in the volume of fish landings in Nova Scotia to the extent of 1·9 per cent. But the value of fish landed in that province declined during that period by twenty-six per cent. During the same period there was an increase of sixteen per cent in the total number of fishermen. The result was that a production, which had declined twenty-six per cent, had to be distributed among a number of men which had increased by sixteen per cent. The result was that the earnings of the fishermen declined from $467 to $300. As that includes the entire earning of all fishermen, whether engaged in trawlers, schooners or inshore fisheries, we get some conception of how small must have been the reward of the average inshore fisherman of Nova Scotia. And the strange thing about it is that during every period of depression, so far as I was able to trace from the records, the number of inshore fishermen increased. As a result, they were the producers of fish in greater volume, which fell upon the open market, and therefore there was a decline in the price.

During the period between 1928 and 1936 the volume of fish produced by the offshore fishermen decreased roughly by 250,000 hundredweight, and the increased catch of the inshore fishermen was roughly 204,000 hundredweight. During this same period the number of inshore fishermen increased from 13,764 to 16,800, and the number of offshore fishermen declined from 2,093 to 1,559. It is quite evident it was not the increase in production of the offshore fishermen, trawlers or schooners which affected the price of fish, but it was because economic conditions in Nova Scotia had declined, and practically everybody in that province—I was going to say "is born with a fishing line in his hand," but that would be carrying it too far—is at least capable of fishing. The result is that during a period of hard times men go back to the fishing grounds, increase the production of fish, and in a time of declining demand there necessarily is a sharp decline in the price of fish. That decline has been produced primarily by the inshore fishermen, and not by the offshore fishermen.

I ask this question: What are we going to do with this problem? Here are men working for an extremely low wage, a wage which is not consistent with Canadian standards of living. I present to my hon. friends from Nova Scotia this very simple question: Do they not think that with a standard of living as low as it was among the inshore fishermen of Nova Scotia in the last few years, it might be advisable to devise means which would increase the number of men engaged on the shore in processing the fish, in getting them

ready for the market and in expanding the markets for this product, instead of trying to resist the inevitable trend to accept the best, cheapest and most simple means of catching fish?

Mr. POTTIER: By what means would you expand?

Mr. DEACHMAN: Is it possible that in Nova Scotia we have the only province which cannot and will not accept improved methods? Are we to move from the cradle to the combine in agriculture; are we to move from the tallow dip to the electric light; are we to have all these great changes in the development of industry, and yet say that Nova Scotia will continue to catch fish as they were caught centuries ago on the sea of Galilee? I cannot believe it possible. I cannot believe that in every other province, in every other dominion and in every other section of the world progress is to be made and yet stop at Nova Scotia because you will not face the inevitable, because you resist continuously the application of the best, most simple and easiest means to achieve the end you have in view. My hon. friend complains that these men are unemployed; but what does he say of the average wage they received? That wage was so low that they would be better unemployed.

Mr. KINLEY: Is the hon. member referring to me?

Mr. DEACHMAN: I was referring to some hon. member who asked about unemployment.

Mr. BAKER: I asked: What about the unemployment question?

Mr. DEACHMAN: Are you approaching this question from the old point of view of increasing employment? You might as well say that men in the woods should use dull axes because more men would be employed. After all, it would take more men to achieve a given purpose with dull axes than it would with proper tools. This summer I saw that lovely province of Nova Scotia in all its glory and beauty, and I hate to think of the men of that province being destined to work with dull axes.

Mr. POTTIER: What the hon. member wants is a fishing industry with no fishermen.

Mr. DEACHMAN: What I want is a fishing industry producing a large volume of fish. I want to see the fishing industry of Nova Scotia producing greater wealth than it is to-day. Admitting that this can be done with fewer men, the fact remains that if there is more wealth produced there will be a greater expansion in business, there will be increased employment and improved conditions for the province. It cannot be possible that all hope of expanding markets for the province of Nova Scotia has ceased. A few years ago there were markets abroad for a much larger volume of fish. If my memory serves me aright—and I think it does—in 1926 eleven trawlers were operating out of Nova Scotia. Was your fishing industry at that time in the state in which it has been lately? Have you improved conditions as you have gradually moved towards the elimination of the trawler? You have not. Conditions have become worse and worse as time has gone on.

In times of depression you come back to fish, and come back to it steadily. The movement of men into inshore fishing decreases the price received for fish, demoralizes the market and ruins the industry which you seek to create. I ask for fair treatment and fair consideration of those men who are actually seeking to expand the industry in Nova Scotia by using the best means available.

A few moments ago the hon. member for Kootenay East (Mr. Stevens) referred to the fact that a fairly large factory had been closed at Canso. Let me ask this question: What would happen in any industry if a factory were being operated which did not pay? When the men who own a factory have to take a loss, what follows? That means a decrease in the capital invested in the industry. What does a decrease in the capital invested in an industry mean? That affects the prosperity of your industry. This industry in Nova Scotia depends upon whether it is able to expand foreign and domestic markets. That cannot be done unless there is capital available. The industry depends upon the cooperation of capital.

There is the memorable remedy which can be applied to this or any other problem. There must be an extension of freedom to men to do what they want to do. I do not want to see them restricted by being forced to have their trawlers built in Canada. Last year I found out something about the cost of building trawlers in Canada, compared with having them built in Great Britain. There are some ardent souls who are so anxious to have trawlers built in Canada that they would be willing to have these companies pay double the price they would have to pay to have them built in Great Britain. It is only by the extension of economy; it is only by lowering your costs, that you can operate successfully in this highly competitive market. Here as everywhere freedom is necessary, and I ask the Minister of Fisheries (Mr. Michaud) to consider the extension of freedom to the Canadian fishing industry.

Hon. J. E. MICHAUD (Minister of Fisheries): Mr. Speaker, much has been said this afternoon about the steam trawler, and I am sure the discussion we have heard will bring back fond memories to many of the older members. This question has been debated on many occasions, and the same arguments have been advanced from different sides of the house. The last two memorable occasions upon which it was debated were in 1929 and 1930. Before 1929, steam trawlers were permitted to operate off the shores of Canada without too much restriction or regimentation, but at that time parliament thought it advisable to regulate trawlers.

For those who are not familiar with fishing terms—and I am sure there are some in this house—may I say that three methods of fishing are used by those who fish on the Atlantic coast for what is known as ground fish, that is cod, haddock and whitefish generally. First, there is the old method of hook and line which has been in use for the last 300 years. Men go off the shore in small boats with a hook and line and try to catch the cod with bait. As soon as they have sufficient fish in their boats, they come to shore to dispose of them as best they can.

Then, there is the more modern method of using the Lunenburg schooner. This type of schooner is called the Lunenburg schooner because the first schooners were built at that port. The fishing is not done from the schooner proper. The schooner is a large boat propelled by a diesel engine. It goes to the grand banks or off the shore and stays several days, generally being manned by a crew of about twenty-five men. Each of these schooners has ten or twelve dories, small wooden boats, which are lowered to the sea when the schooner is out on the high seas, and from which two fishermen fish with hook and line. The success of their catch depends upon the weather and other conditions; when the dory is full, it returns to the schooner, its fish is put into the schooner's stores, and finally the schooner brings its whole catch back to port.

But there is another method which has been described as the trawler method. The trawlers are large boats of the mine sweeper type. As a matter of fact, during the war all our steam trawlers were used as mine sweepers. They are operated by steam, and the fishing is done mechanically. The trawler fishes with a bag which is dragged along the bottom of the sea; when full, the bag is raised with a mechanical derrick and the fish are dumped on to the deck of the trawler. The operation is very similar to the operation of purse seiners on the west coast. It is obvious to those who have seen either the purse seiners on the west coast or the trawlers on the east, that the trawler method enables the operators to catch a large quantity of fish in a relatively short time, and the fish are not kept lying exposed for a long time to sun and weather. That helps to preserve the quality of the fish when it is offered to the consumer.

Trawling is not a new method of fishing; it has been in operation in the old world for many, many years. It was only in 1908 that a company in Nova Scotia decided to try to develop a fresh fish business in Canada by the trawler method. The records of the department show that before the year 1908 there was hardly any fresh fish, unfrozen, sold in Canada, and the very little quantity that was sold on the Toronto and Montreal markets was imported overnight from Boston, or Portland, Maine, and then distributed and consumed. Thirty years ago most of the fish consumed in Canada was dried, salted, pickled or processed fish. But these people had vision and decided to try to capture whatever market there was in this country for fresh fish, and to expand that market if possible.

The department, working in cooperation with these people, approached the Canadian National Railways and the Canadian National express to secure transportation facilities for the delivery of fresh fish from the Atlantic coast to inland markets. When it is realized that the nearest market of any importance to the Atlantic coast is about fifteen hundred miles from the source of production, one appreciates the difficulties of transporting fresh caught fish and keeping it fresh until it is distributed to the consumers in Toronto and Montreal. But that is something which the trade has been able to accomplish in this country. Canada is now recognized as having the best transportation and distribution facilities of any country in the world for marketing fresh fish far from the source of production. The national railways, in cooperation with the government and the industry, helped to develop markets in the large consuming centres, with the result that from 1925 to 1927 there were about twelve trawlers operating from the coast of Nova Scotia to supply the needs of this expanding market.

After the war, people on the Atlantic coast went into fishing more extensively than before, and a far greater number were engaged in the industry. There was a good market in the United States and the fishing industry on the Atlantic coast expanded. In the winter

of 1926-27, the weather was very mild and huge quantities of fish were caught by the inshore fishermen, the schooner fishermen, and the twelve trawlers. There was a glut on the market and prices slumped. The natural result followed, and the claim was made that there was no profit in fishing. The hook and line fishermen blamed the trawlers for the predicament they were in, and so the government of the day appointed a commission of five members, headed by Mr. Justice Maclean, to study the problem. On this trawler question the commission divided, four reporting that the trawlers should be abolished, and Mr. Justice Maclean filing a minority report that the use of the trawlers should be restricted and regulated. The government, as a consequence, decided to regulate the use of trawlers. The then Minister of Fisheries, now Minister of Public Works (Mr. Cardin), went down to the Nova Scotia coast, and upon his report regulations were made whereby the use of trawlers was limited and a tax was imposed on fish caught by trawlers to compensate the inshore fishermen for the loss of revenue in their vocation. Two years afterwards, the courts declared these regulations ultra vires, and the situation reverted to practically what it was before 1929.

Parliament in the session of 1931 went fully into the question again and referred it to the fisheries committee, which investigated and made a report, and on that report are based the regulations which have since governed the licensing of trawlers up to this date. I might as well put on the record the regulations of 1931. Section 56 of the Fisheries Act is the one which applies to trawlers. It reads:

56. (1) Every person shall be guilty of an offence, and shall incur therefor a penalty of not less than one hundred dollars and not more than two thousand dollars, recoverable with costs upon summary conviction, who at any time, except under licence from the minister—

(a) with intent to fish or to cause any other person to fish with a vessel that uses an "otter" or other trawl of a similar nature . . .

That is a positive enactment in the fisheries act. Subsection 2 reads:

(2) No such vessel shall carry on fishing operations from or to any Canadian port or ports, unless such vessel is registered as a British ship in Canada and is owned by a Canadian or by a body corporate incorporated under the laws of the Dominion of Canada or of one of the provinces thereof, and having its principal place of business in Canada.

I can skip subsection 3, which has no bearing on the discussion. Subsection 4 reads:

(4) The minister may determine the number of such vessels that shall be eligible to be licensed.

Since 1931, the number of vessels has been limited by the minister by virtue of the power conferred upon him by this subsection, and the number has remained the same until the present date. Subsection 5 reads:

(5) Regulations may be made under the provisions of section thirty-four of this act—

(a) prescribing the form of licence;

(b) specifying the evidence to be submitted with an application for a licence;

(c) fixing the conditions under which a licence shall be issued;

(d) making any other provisions respecting licences.

This is the legislation that authorizes the minister and imposes upon him the obligation of issuing licences when those who apply for them comply with the provisions of the law. Under subsection 4 of section 56 of the Fisheries Act regulations were made from time to time and revised. There were some regulations in 1929. In 1930 and finally in 1931 regulations were formulated providing:

1. A licence for a fishing vessel using an otter or other trawl of a similar nature, other than a small dragger operated by inshore fishermen, will not be granted, except under the following conditions:

(a) That the applicant for such licence shall furnish the Minister of Fisheries with evidence that will satisfy the said minister, that he cannot obtain an adequate supply of suitable fish to enable him properly to conduct and develop his business from the hook and line fishermen, and that if the licence is granted, the extent of his purchase of fresh fish from the said fishermen will not be adversely affected.

These are the main provisions of the regulations that must be complied with by those who are applying for licences. The minister is being placed in the position of an arbiter or a judge in the matter, and if he is satisfied that the evidence which is submitted to him shows that the person applying for the licence is entitled to receive it, he acts accordingly. I have felt, ever since I have been in office that there was no alternative to issuing the licence, and I have done so for the last three years. True, it puts the minister in an awkward position to have this responsibility placed upon him, but each of us must face his responsibilities and discharge them, and I have tried to discharge my duty as best I could in the last three years.

Mr. WOODSWORTH: Will the minister indicate the type of evidence that satisfies him?

Mr. MICHAUD: The type of evidence I have required is evidence under oath showing that the applicant cannot obtain from the hook-and-line fishermen an adequate supply of suitable fish—it must be adequate and suitable—to enable him properly to conduct

and develop his business; and that if the licence is granted, the extent of his purchases of fresh fish from the fishermen will not be adversely affected. I have always insisted, as my predecessors have done—the record shows this—that the applicants should submit to me sufficient evidence to show that they could not obtain an adequate supply of suitable fish to enable them to carry on their business properly, and that the granting of the licence would not affect the extent of the purchases from the hook-and-line fishermen. Every year such evidence has been submitted under oath, and I have been satisfied that the applicant could not properly continue to develop his business without the operating of the trawler. This year again, evidence has been submitted under oath. There are ten pages of it. I will not read them, but they constitute a public document which can be placed on the records of the house or given to anyone who asks for it.

I have been criticized for having delayed until the last moment the giving of my decision. I felt that in order properly to discharge the duty imposed upon me by the act, and to be fair to everyone concerned, I should wait until the last moment so as to give everyone interested every facility and ample time to put before me such evidence as was required. For that reason I have always delayed as long as possible before making a decision in the matter.

I have before me, up to the present, evidence under oath from two companies. One of these is the Maritime National Fish, Limited—that is the new company—which has applied for three licences, that is, the renewal of the three licences which the company has enjoyed for the last seven years. I have also two applications from General Seafoods, Limited, a United States company that has established a base of operations in Halifax and is applying for these licences.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 57, respecting the United Church of Canada.—Mr. Motherwell.

Bill No. 58, to incorporate the Trustee Board of the Presbyterian Church in Canada. —Mr. Cameron.

Bill No. 56, to incorporate the Associated Canadian Travellers.—Mr. McPhee.

[Mr. Michaud.]

FISHERIES ACT

SEINE FISHING FOR SALMON PROHIBITED IN WATERS ADJACENT TO MOUTH OF FRASER RIVER

Mr. THOMAS REID (New Westminster) moved the second reading of Bill No. 29, to amend the Fisheries Act, 1932.

He said: This bill is similar to one which I have introduced on several prior occasions. Briefly, the bill asks for the elimination of seine fishing from a part of the gulf of Georgia, which is really the estuary of the Fraser river. For the benefit of those who are not familiar with the methods of fishing employed on the Pacific coast, which differ somewhat from those in use on the Atlantic coast, it might be advisable if I take a moment to say that there are three principal methods of fishing in use on the Pacific coast, namely, gill netting, seining and trolling. Of course, we have some traps at Sooke harbour, which matter came before the house a short time ago and which, I understand, will come before the fisheries committee for discussion. Gill netting and the use of seines are entirely different. The seine boat is a large power boat costing some $15,000 to $16,000, having a net 1,200 feet long and seventy-three feet deep, whereas the gill net is 1,200 feet long and some thirty-two feet in depth. I give the dimensions in feet rather than the mesh or fathoms to make the picture clear to hon. members.

Reviewing briefly the history of the agitation which has been proceeding on behalf of the seine net fishermen of the Fraser river, I might say that until 1933 the area in question was fished entirely by gill netting; no power boats were allowed into that area. As a result of intensive fishing by seine boats in other parts of the province, an agitation was started by the canning interests and the owners of seine boats, seventy-five to eighty per cent of which are owned by the canning interests, to allow this Fraser river area to be opened up to the use of seines. While there are districts in British Columbia where seine boats can operate and perhaps should be allowed to operate, it has long been the policy of the department to prohibit their operation in certain narrow channels and estuaries. A seine boat with its long deep net follows the fish; the net is cast wherever the fish school, making a circle, and then the bottom of the net is drawn tight, bringing the catch up to the surface of the water. That is why the net is called a purse seine. Then the fish are brailed from that into the boat.

In 1933 there was no Minister of Fisheries, but there was an acting minister whose name was Mr. Duranleau. While the house was in session, an order in council was passed allowing these seine boats to fish in this area. Protest was made by myself and others to the acting minister and, later, on the floor of this house. The explanation given by the acting minister for allowing seine boats to fish in the gulf of Georgia related to quality only. I should like to read one or two extracts from a letter sent by the then acting Minister of Fisheries to myself, stating why he considered the seine boats should be allowed to operate in this area to catch what are called pink salmon. He claimed that the seines could catch them out in the open, and they would be of better quality and so enable the Canadian fishing industry to compete successfully in markets abroad. His whole letter is a setting forth of that argument. He said in part

If these advanced fish could be caught before Fraser river water is reached, their value for canning would be safeguarded. A canned product of a valuation of from one-half million to a million dollars is involved. The question thus resolves itself into one as to whether a type of gear will be permitted that will be effective in acquiring these fish for a first-grade article of commerce, or of permitting an economic loss and waste that will accrue if it is not allowed.

After the order in council was passed, the acting minister and his officials started to bolster up the argument that the purpose of allowing the seine boats in this area was to get better quality pink salmon. They said that the gill net boats could not or did not catch the fish in the same place as the seines, and the quality of their catch was not as good as that of the seines. Knowing that an agitation had started against the use of seines, the fisheries department sent out letters to the industry. I have one here, dated September 27, 1933, which was sent out to the canneries, with a view, I claim, of bolstering up the action of the department and the acting minister in allowing seines in this area. I have not time to read it all, but Mr. MacLeod, supervisor of fisheries, sent this out to the industry, and the last clause reads:

I have been further requested to obtain from each cannery manager a communication setting out his opinion as to whether the seine-caught fish were superior for canning purposes as compared to fish caught by means of gill nets, and also if the authority to use purse seines in the gulf of Georgia has been the means of raising the standard of district No. 1 pack of pink salmon.

I claimed at the time and I still maintain that that letter was worded in a leading way. There was an inference to be drawn from it; the cannery men knew when they got this letter just what the departmental officials wanted. And those cannery interests that had seine boats sent back the report that these seine boats caught pink salmon of better quality than the gill nets. But, Mr. Speaker, this whole matter was a farce, as I can illustrate in just a moment. There were two types of gear operating in this area at one and the same time—seine boats and gill nets. Both brought their catches alongside the wharves at the canneries; they emptied their fish on the cannery floor one after another. So the fish lying on the floor, ready for canning, would be a mixture of pink salmon caught by seines and pink salmon caught by gill nets, all in one heap. Yet some of the cannery men came back with an official reply to the departmental officials in which they stated that in their opinion the salmon caught by the seine boats was of superior quality. There was nothing in the world to substantiate that statement. At that time the inspection board were asked to inquire into the authenticity of this declaration, and their reply is given in a brief which was presented to the fisheries committee by the then deputy minister of fisheries, Doctor Found, when this whole matter was under discussion there. The inspection board were asked as to the quality of the salmon caught by seine boats as against that of the fish caught by gill nets, and this is what they said:

The board had no information regarding each parcel as to whether packed from seined or gill-netted pinks and so can deal with the question in only a general way—

That is a fairly direct statement; yet ever since the order in council—perhaps up to the present day, although I am not sure of that—the departmental officials have endeavoured to bolster up the action taken in 1933, when for the first time by order in council the seine boats were admitted into the gulf of Georgia or the estuary of the Fraser river. In my protest at that time I pointed out to the then acting Minister of Fisheries that this step, under the guise of enabling the seine boats to catch the variety of salmon called pink, was the thin end of the wedge; and that if they were allowed to remain, these seine boats would catch every other variety of salmon coming from outside waters and heading through the strait of Juan de Fuca to the Fraser river, which is exactly what has taken place.

It is true that there was an inspection board in existence at that time, but the way in which that board operated was a scandal, if I might use that term. I should like to use stronger language, but since I am in the House

of Commons I will let it go at that. The three men who composed that board were also brokers; that is, they received orders from abroad to buy fish. Very often, consignments or cases of salmon would be turned down by this board, and the canners would be told that the particular pack of salmon graded B. Then, two or three days later, the canners would receive inquiries from these brokers—who were also the inspectors—asking if they had any cases of grade B salmon to sell. It amounted almost to a racket. Just to show how farcical the whole thing was, I might mention just one instance. Certain canners in the northern part of British Columbia would send tins of salmon to Vancouver and ask the board to inspect them. But there was no check made at the canneries in the north in regard to the cases of salmon whence came those samples. In other words, the inspection board trusted to the honesty of these men. I am not doubting their honesty for a moment; but how the inspectors could say, from the samples received, that the pack should be passed, is away beyond me.

Then, as an argument as to why the seiners should be allowed to catch pink salmon, they said, "Well, we are paying a better price for the salmon caught by the seiners compared with the salmon caught by the gill netters," and it was said that the cannery men would never pay a higher price to the seine boats unless the fish were of better quality. Well, I looked into that aspect of the argument and found there was nothing to it. As a matter of fact, one could take various districts where fishing takes place, outside the estuary of the Fraser, and find different prices; but these differences were not altogether on account of differences in quality. For instance, up in Butedale, or Namu, or Bella Coola—and I have the prices for April 2, 1935, as sent out by Doctor A. W. Found—purse seine fishermen were receiving 3½ cents each for pinks, while the gill net fishermen were receiving only three cents. On the other hand, in Butedale the salmon fishermen operating cannery gear, that is, nets loaned to them by the cannery men, were receiving only 2½ cents. In 1934, when I argued this matter, I placed on record figures proving that there was no truth whatever in the statement that the seiners had received a greater price for their pink salmon than had the gill netters.

Then, to come again to the matter of quality, in 1934 they began to exhibit figures of the number of cases of salmon condemned, seeking to leave the thought that these salmon had been caught by gill netters further up the river, that they were of poorer quality and that all the salmon caught by the seiners were A-1 fish. Well, Mr. Speaker, I think I proved to the satisfaction of everyone but the departmental officials and the acting Minister of Fisheries that this was not so. The then acting Minister of Fisheries spoke to me in 1933 when I left the house; he said, "Mr. Reid, I do not know the first thing about fish. I do not know whether a haddie swims opened out flat as you see it in the store, or whether it goes around the sea closed up. But," he stated, "I took the advice of the British Columbia men"—including the then Minister of Trade and Commerce—"but I don't know what it's all about." That was his frank admission to me, just after I had advanced the argument in the house in 1933.

Mr. Speaker, the seine boats never before were allowed in this area. Ever since 1922, after the commission consisting of members of this house had gone to British Columbia and had reported to the house—and I have a copy of the report before me—it was stated that in any district or area where gill netting could be done, no seine boats should be allowed. That policy had been adhered to all the way along until, as I say, in 1933, when they were allowed by order in council to move into this area.

I well remember some of the other arguments in those days by the Department of Fisheries. Prior to that time and in the year following they were arguing, and arguing strenuously, that if the Fraser river fishermen were allowed to export their salmon before it was canned, the whole industry would collapse. And well do I remember the strong arguments put up by the deputy minister of fisheries, both in committee and in person. The argument was made in this way, "Oh, no, we cannot allow the Fraser river fishermen to export these salmon, even though they would get a better price in the United States. If we do that, the industry will be doomed; it will collapse."

Well, Mr. Speaker, after many protestations, especially by the hon. member for Comox-Alberni (Mr. Neill) and myself, the embargo was lifted. The industry is still going on. It may be in a little worse condition to-day, but it is not because fishermen have exported great numbers of salmon across the border. May I point this out to hon. members: While it is true that United States interests allow the use of seine boats close to the international boundary line, still they take very great care that in their own country they do not allow the use of seine boats at the mouths

of their own rivers. Let me read a communication I have in my hand which sets out the policy in the United States. This was sent to me from the department of fisheries in the state of Washington, under the hand of Mr. B. M. Brennan, Director of Fisheries. Dated May 3, 1934, the letter is as follows:

> Northern Puget sound does not permit gill netting, with few exceptions, because of the nature of the area, hence the fishermen are forced to use a gear which is suitable for that district. The Fraser river permits extensive gill netting as does our Columbia river. We have ruled purse seines out of the latter district and off the coast of Washington within our jurisdiction to prevent the catching of immature fish.

That is in the state of Washington. Up in Bristol bay they have gone a great deal farther in their endeavour to protect the salmon industry there, because no power boats of any kind are allowed in that bay. They do not allow even gasoline engines in the gill net boats, and all salmon fishing in the bay of Bristol must be done by boats driven by sail or by oars. Those are the precautions they take, so careful are they not to allow anything in that district which, in their opinion, would deplete or do harm to the great salmon fishing grounds in Bristol bay and in Alaska.

In the gulf of Georgia we have a condition which, if not watched, will be far more serious than anything which might develop in Bristol bay, because we have a short stretch of water called the strait of Juan de Fuca. All the fish returning from the open waters of the sea pass through that strait and up through the narrow channels heading towards the Fraser river. It is with a view, not altogether but primarily to preserve this area, first of all from depletion and, second, in the interests of the gill net fishermen that I have kept up a fight to have the seine boats eliminated entirely from the gulf of Georgia.

On two occasions I was fortunate enough to have them moved out, first a short distance, and then on another attempt, when a bill was introduced, the minister agreed to move them out still farther. When they were first allowed in, they were right up into the mouth of the Fraser river, and there was a most regrettable destruction. The seine boats are mobile traps. We have heard a great deal about traps. I shall not go into that matter, however, because it is already under discussion.

But I point out that the seine boats in the estuary of the Fraser river can be more destructive than traps, because, while it is true that the fish meet the traps, follow the lead into the heart of the trap and are thereby caught, the seiners watch, just like hawks, and when the fish gather together in schools preparatory to heading up the Fraser river, the seine boats swoop into the midst of them, encircle their nets round them, pull tight the string at the bottom and bring the fish up. A catch of 10,000 salmon at one haul is not unusual.

The fish gather in schools or in masses preparatory to spawning; if they are split up or interfered with, as happens when a seine boat goes in among them, the fish are thrown considerably off their course, and the action of the seining to quite an extent interferes with their migration. It takes some time before they gather together again, heading for the head waters of the Fraser river. The seines catch not only one variety, but all varieties, and in this district where they have been allowed to operate the water is so shallow at times that the net of the seine boat strikes on the bottom and everything including crabs is caught. All varieties, including not only pink and sockeye salmon but spring salmon, are caught; and as the net of the seine is only three and a half inches in width, as against the five and a half or six and a half inches of the gill net, every time the seine boat circles a school it catches everything within that circle, nothing escaping. Considerable quantities of immature fish are destroyed; I refer to fish in the schools of adult salmon hordes heading to the head waters of the Fraser river. The seine net catches everything even, as I say, to the extent of crabs.

When seines were allowed into that area, it was expected and also argued that only a few seine boats would come in. In 1933, some fifty-four seine boats went into the district and caught considerable numbers of fish. In 1938 practically all the seine boats in British Columbia came down into that area. There were as many as 105 large power seine boats waiting in that small area to catch the salmon heading up to spawn. There are only a certain number of fish each year which come through the strait of Juan de Fuca to spawn. If you have 2,000 or more gill-net fishermen and no one else is allowed to fish in that area, the catch would be distributed among those men. But if you allow 105 seine boats to have first crack at the great hordes of salmon, this means not only that they destroy immature fish and split up the schools, but that they rob the gill-net fishermen of part of their legitimate livelihood.

I should like to mention what is not generally known, that the seine boat has from between seven and nine men on board. The boat is worked on shares which are divided into twelfths, five-twelfths going to the owners

and seven-twelfths to the crew. If the total catch of a seine boat is worth $12,000, it means that $5,000 goes to the owners of the vessel, while $7,000 is distributed among the crew. But if the same amount of fish were caught by gill-net fishermen, all the $12,000 would be distributed among those fishermen. The loss is borne by the gill-net fishermen who have to buy their own equipment and who mostly reside along or adjacent to the banks of the Fraser river. These seine boats can operate anywhere. They may fish one area and then, when the season opens in another area, they may go there. They may fish in the gulf of Georgia and then go along the west coast of Vancouver island or down into other areas, as they have been doing ever since 1933, and particularly in 1938.

One variety of salmon being caught by the seine boat is known as spring salmon. These schools or hordes of pink or sockeye salmon are so large that generally there are other varieties of fish found mixed up with them. Spring salmon have been getting scarcer as the years go by, and fewer of this variety of fish have been caught by the gill-net fishermen ever since 1933, when the seine boats were first allowed to operate.

Let me go back for a moment again to the quality of the fish. I have before me a letter from Edmunds and Walker Limited, which states that the purse seine fishing bruises the spring salmon when catching them. They point out that better prices are paid to the gill-net fishermen for this variety of salmon than are paid to the seine fishermen when they are presumably out fishing for either pink or sockeye salmon. They have this to say about price:

> At the same time as the seiners were receiving this price of 25 cents a piece or about two-thirds to three-quarters cents per pound the gill-netters were receiving three cents per pound for reds and one cent per pound for whites.

And again:

> The reason for this is that these fish in the process of being brailed and of being transferred from the seine boat to the collector are being so badly bruised and smashed that they must be classified along with white salmon and sold at an equivalent price.

That is most interesting in view of the argument put forth by the departmental officials that the seine boats catch fish of a better quality than those caught by the gill-netters. The evidence this year shows that the seine boats are endeavouring to control the whole area. I am not arguing for one moment that purse seine fishing should not be allowed in British Columbia, because I realize that there are certain districts where it should be allowed. My argument for the elimination of purse seines from the area is based on the fact that the area is small and is an estuary of the Fraser river where the fish school and get ready to head up the river to spawn. For that reason it is important that fishing by seines be entirely eliminated. So far as I know, no protests have been made this year by the industry. In my argument I want it distinctly understood that I am speaking on behalf of the British Columbia Fishermen's Protective Association, whose head office is in New Westminster. The president of this association has the following to say about last year's operations:

> Last year during the run of late sockeye owing to the peculiarity of movement shown by this school of fish, the seines seemed to be unable to contact the school owing to the fact that the fish remained further north for quite some time, which is not usually the case, but once the fish moved south, in the vicinity of Canoe Pass, the seines then plugged the canneries immediately, boats bringing in six to eight thousand loads for each days fishing, and in order to stop a repetition of the wasteful loss of fish through the canneries being plugged, which occurred in 1936, and also to avoid putting up a lot of fish at a cheap price, it was mutually agreed by both our association and the cannery operators to close district number one and let a very fine run of fish go on to the spawning ground.
>
> This would have been very difficult for us to do, had the price, offered by the cannery operators, remained at a fair level and might be impossible another year. It should be plain from this that the seines still constitute a grave menace to the gill-net fishermen when the fish school in the vicinity of Canoe Pass.

Briefly, my argument is this: The livelihood of well over 2,000 gill net fishermen will be jeopardized if these 105 seine boats are allowed to continue to take from this area salmon heading up the Fraser river. I want to repeat that there are only a certain number of fish which come through the strait headed for the Fraser river. The more seine or power boats that are allowed to operate in that area, the fewer fish there will be for the individual gill-net fishermen who live in this district and whose homes are mostly along the banks of the Fraser river or in the immediate vicinity.

If one looks at this bill from the point of view of the greatest good to the greatest number, one cannot help coming to the conclusion that it should be accepted by the house. This is not altogether a fight that has been going on since British Columbia became a province, because it has become a well established fact in the estuary of the Fraser that this area has always been fished by gill net fishermen. As to quality, I think I have exploded any arguments that have been

advanced in that regard. The gill net fishermen went far out in the same area last year and in great numbers. There is no difficulty about the canneries not having sufficient fish. It is a question now of other districts having been depleted, and the cannery men and the seine boat owners saying, "Here is one large area, allow us to fish there."

Mr. A. W. NEILL (Comox-Alberni): I do not think the house should pass this bill unless we hear some more substantial arguments in favour of it than have been presented to-night. While much of what the hon. member said was correct, a good deal of it was beside the point, such as the matter of inspection by brokers; and other parts of it were predicated on conditions as they existed six years ago and which no longer exist to-day.

I see three substantial objections to the bill. In the first place, the passing of the bill, nay, even the introduction of it, is going to be used as an argument—an unsound argument if you will, but nevertheless an argument—in favour of those few individuals in British Columbia who want to maintain the traps at Sooke. The question of fish traps is sub judice; that is, it is referred to a committee and therefore it is not debatable here. But the fishermen out there are dissatisfied over the introduction of this bill. There was a meeting of the United Fishermen's Union in Vancouver recently, and the statement was made there:

> Meantime Mr. Tom Reid, M.P., is reported to have brought down a bill which will, if passed, ban purse-seining on the gulf of Georgia off the Fraser river mouth. The P.C.F.U. and the S.P.S.U. both protest that Mr. Reid should not bring in such a bill at this time, but should devote all his efforts to the fight against fish traps.

At another meeting of the two fishing bodies, a speaker, discussing the same subject, said:

> The fact that 105 seine boats fish in the gulf for 12 days each season, during slack time up north, has little effect on the catches of the gillnetters of the Fraser river. He said that the old antagonism between seiners and the gillnetters and between other various branches of the fishing industry is dying out.

Then a paper called the *Fisherman,* which I think more truly represents the working fisherman than any of the fishery papers published in Vancouver, had an editorial on fish traps in which there appeared this paragraph:

> We regret that Mr. Tom Reid, unwittingly or otherwise, also played into the hands of the operators and acted against the best interests of the fishermen when he chose such a time to put forward his bill to eliminate seining in the gulf.

This bill will merely make a selfish, local, geographical appeal to one class of fishermen located in the district of New Westminster. It does not forbid seining in British Columbia; it only forbids seining in a small area of a small district. If the opposition to seining were genuine, we would expect to find opposition to seining all over British Columbia; but the hon. member himself admitted twice to-night in his speech that seining must be allowed in the waters of British Columbia. In other words, he is willing to allow seining all over that province provided it is kept out of his district.

There are three methods of commercial fishing in British Columbia—and I am leaving out fish traps, which is not a method of fishing at all, but has been aptly defined, at a meeting of the Olympia legislature, as grand larceny of the fishing industry and a rape of mother nature. Leaving that aside, however, there are three methods of commercial fishing. These methods are; first, trolling, which must not be confounded with trawling, and which is an amplification of the hook and line, which system we are all in favour of because it gives the greatest employment to the greatest number of fishermen and promotes a breed of fine independent fishermen. It does not cost a great deal of money, with hard work and economy, to get the necessary boat and gear, and you could not get a better class of fisherman than the independent troller. But it would be impossible to confine fishing to trollers only because they can catch only two of the five or six varieties of fish. There are only two varieties that take the bait on the hook, and therefore we have to fall back on the gill net, which is a long net that floats with the tide or the current. The fish run up against it and try to go through it, and, as the name implies, they get caught by the gills and are captured. The gill net catches any variety of fish, but it cannot operate in clear water. The water must be muddy or discoloured because, if it is clear, the fish can see the net and readily dive under it and so escape.

It is admitted by my hon. friend himself that the seines do form a certain part of industrial fishing there. It is not the most desirable method of fishing and can be made destructive. The policy of the department is, therefore, that where certain waters can be fished adequately by the gill net or by trolling, the use of seines should be forbidden in that area. But they must allow

seines. There are large bodies of water where, on account of the fact that they are frequented by fish which will not take the troll, or because the water is clear and they cannot be fished by gill nets, seines must be allowed. But they are safely guarded. The department is aware of their destructive potentialities, and large areas are set aside in which seines are not allowed to fish at all. Where they are allowed to fish, they are fully and, as they claim, harshly circumscribed by regulations. For instance, they cannot fish within half a mile of the mouth of a creek or river. There is a closed season of forty-eight hours each week, and some weeks they can fish only four days. With these restrictions they are allowed to fish in certain waters. This is quite different from the privileges allowed the traps.

In the early days seines were owned entirely by the canneries, and there was then a good deal of trouble. Now, however, the canneries and the fishermen realize that they need each other and they cooperate to some extent. There is a better feeling now, but they still fight over prices, et cetera. Conditions have changed in regard to seines. The working fisherman has gone ahead, saved and bought his own boat. He is a man of property. A fully equipped seine boat, with diesel engine and the appropriate seine, would be worth up to about $25,000. These men have a considerable stake.

I said that there was a selfish, geographical appeal in this matter, and I can prove it. The waters of British Columbia are divided into three districts—one, two and three—regardless of electoral districts. No. 1 district is in the neighbourhood of Westminster, including the Fraser river. No. 2 district is represented by the hon. member for Skeena (Mr. Hanson) and takes in all the northern waters. No. 3 covers the district represented by myself and the hon. member for Vancouver North (Mr. MacNeil). It is principally in Comox-Alberni, although there is a portion in North Vancouver. If this bill passes, there will be no seining in No. 1 district; it will be entirely confined to No. 2 and No. 3. But I ask, why should it be confined to two districts? Why should it not apply to all three?

Seining is allowed in British Columbia by the law of the land, under proper restriction. I do not deny that there is keen competition, but why should the Comox-Alberni district and the Skeena and North Vancouver district carry the whole burden of seiners for 365 days of the year, and No. 1 district kick because they are asked to carry the burden for only ten days of the year—because that is all the time the seines fished there last year. It is really worse; it is not ten days; it amounts to perhaps hardly more than half of that; but at the outside it would be ten days a year. Last year they were allowed to fish ten days in No. 1 district, but on account of the weekly closed season they had only eight days.

These two runs of fish caught in these waters, under these conditions and at that time, are two separate runs, the pinks and the late sockeye, which run in a peculiar way. The sockeye run for two years running, then miss two years, and then run for two years more. The pinks run every alternate year. So it would be fair to say that on the average they run only every second year. Consequently, if fishing were allowed for three weeks every second year, it would not amount to taking off much more than an average of ten days a year during which No. 1 district is asked to carry the burden, if you like, of the seiners, while the other districts carry it for 365 days. Therefore, it is a wholly selfish appeal to one section of fishermen, and only to a part of them, located in the neighbourhood of the Fraser river and a few also in the district represented by the hon. member for Fraser Valley (Mr. Barber).

These Fraser river gill netters are not confined to district No. 1. They go up in large numbers in the summer time to the Skeena district, and fish in the Skeena river, but it is now proposed to stop No. 2 and No. 3 district seiners from coming down into No. 1 for ten days, while on the other hand No. 1 district fishermen are welcome to come up and pursue their fishing in No. 2 district.

Now, on the merits of the subject, in 1933 the dominion government allowed seining in all that area from the Fraser river down to the international boundary line, and I may say that the line is not on the land but in the water. They allowed them to come right into the mouth of the river almost, or at least up to where the muddy water came out and mixed itself up with the gulf waters. Down near the line the water is perfectly clear. In 1933, when they allowed fishing all over that area, it did do harm to the gill netters. The hon. member was right in his argument regarding that period. He brought into the house a bill which was referred to the fisheries committee, and was defeated on a nine to eight vote. I was one of the eight who voted for that bill. But conditions have changed. I would still vote for that bill if the area were the same, but it has been changed. The hon. member brought in another bill in 1936, but

he withdrew it on the promise that the minister would look into the matter. The minister did so, and he changed the area in 1937, moving the line right down near the boundary line. It just left a strip two miles north of the boundary line. That may seem a good deal, but seines take a great deal of water to operate in. They are liable to drift and so require a great deal of water. The water down there, I say without fear of contradiction, is clear. It cannot be gill netted; it never has been successfully gill netted; it never will be; that is, that area close to the line, two miles north of the line. That is what makes the difference.

Moreover, they catch a very good quality of fish there. Seines are only allowed in that limited area outside the scope of the gill netters. All that muddy water for gill netters is preserved for them. It is only in the clear water that the seines are allowed to operate now.

In 1938 seines took 200,000 sockeye, and the gill netters considerably over a million. The gill netters had a grievance in 1933, and I voted to remedy that grievance, and would do so again. But the grievance has been remedied, and an arrangement made that is fair to all parties.

Therefore I oppose this bill, first, because it gives a specious argument, not a sound one, but still an argument, to those who wish to continue to use traps. Second, there is no hardship done to the gill netters. The present arrangements have been in operation for two years in this reduced area, and no figures have been given to substantiate any complaint; in fact, no complaint has been made. Third, it is unfair to allow the seiners to operate only in No. 2 and No. 3 districts throughout the province, compel our gill netters and trollers in those two districts to carry the burden of the seines for 365 days, and begrudge us the temporary relief that would be afforded by No. 1 district carrying them for ten or fifteen days, and that operating on the average only every other year. Therefore I am against the bill.

Mr. OLOF HANSON (Skeena): Mr. Speaker, I rise to support this bill for several reasons. First of all, I have had information from the fishermen in the area concerning the conditions, and, second, I think the explanation that has been given in support of the bill warrants me in supporting it.

There were no seines in the Fraser river prior to 1933. The gill net fishermen developed the area by gill net fishing. The gill net fishermen establish themselves in and about the mouth of the Fraser river.

In 1933, by order in council, purse seine fishing was allowed in that area. At that time there were approximately three thousand gill net fishermen operating in the mouth of the Fraser river. The number of seiners increased, and last year there were 105 boats fishing in that area, employing perhaps 700 men. There were also between two and three thousand gill net fishermen, and it is difficult for them to make a living in competition with seine fishing.

WAYS AND MEANS

CANADA-UNITED STATES TRADE AGREEMENT

Motion (Mr. Dunning) agreed to and the house went into committee of ways and means, Mr. Sanderson in the chair.

On schedule 1:

Customs tariff—588a. Gas for heating, cooking or illuminating, imported by pipe line: 3 cents per one thousand cubic feet.

Item agreed to.

Customs tariff—589. Charcoal made from wood: $4 per ton.

Item agreed to.

Customs tariff—597. Pianofortes and organs: 25 per cent.

Mr. WERMENLINGER: I should like to say a few words on this particular item dealing with pianofortes and organs. Although the piano industry is not large, it is an important industry in this dominion and should be given consideration. From the information I have gathered I am convinced that if this item goes through, we shall be loaded up and flooded with second-hand instruments from the United States. And that will happen at a bad time. This industry suffered during the depression from the competition of other lines of household utilities invented during the last decade. Recently, through its own efforts and initiative, the industry has been recuperating from a long slump. I should like to review briefly the history of the tinkering with the tariff on this line of goods. In 1931, after many years of dumping into this country of pianos from the United States, from the Bowery and the Bronx of New York where they were used to accompany the singing of "The Sidewalks of New York" in the gay nineties, there was established a value for duty—

Mr. McLEAN (Melfort): Was that the first of the tinkering the hon. member complains about?

Mr. WERMENLINGER: One of my hon. friend's colleagues, I think his neighbour on his right (Mr. Moore), said to this house the other day that it is not so much the tariff rates that stop productivity and curb employment as changes in and tinkering with the tariff.

Mr. McLEAN (Melfort): I was asking whether the change of 1931 was the first tinkering about which the hon. member complains.

Mr. WERMENLINGER: No; that change was made to stop the dumping of pianos and organs that was ruining our industry. In 1935, there was a change in that tariff by which an appraisal value was fixed on pianos, new or used, of $75 as a specific minimum. The excise tax remained; the duty was still 30 per cent. But in 1936 the most favoured nation provision of the trade agreement brought the duty down from 30 per cent to 24¾ per cent, the duty being bound not to be increased over 25 per cent. Under this latest agreement we still have the 24¾ per cent duty; but the excise tax is gone, the specific minimum valuation is gone, and I am informed by leading piano and organ manufacturers of this country that this industry is gone. It may be a comparatively small industry; but if the importance of a large river depends upon the small streams that flow into it, and if a chain is as strong as its weakest link, the industrial fabric in Canada to-day depends upon the prosperity of each and every one of the small industries.

Mr. DUPUIS: Where is that industry situated?

Mr. WERMENLINGER: The Minister of Labour (Mr. Rogers) said, bearing out the statement in the Purvis commission report, that to curb unemployment the government expects cooperation from private industry. This is an opportunity to implement that. I am speaking of the piano industry not because I am interested in it, for I am not; I am not a manufacturer or a dealer—

Mr. DUPUIS: I asked the hon. member where that small industry is situated.

Mr. WERMENLINGER: In Ste. Therese and St. Hyacinthe, Quebec, in Clinton, Ontario, and the Heintzman company in Toronto; we have plenty of them. I may tell the hon. member that in the late 1920s we had a certain number of piano manufacturers, and to-day only twenty per cent of that number remain in business. Are we going to destroy them one by one?

[Mr. McLean (Melfort).]

Mr. DUPUIS: Will the hon. member allow me to remind him that the decrease in the piano industry is principally on account of the radio and the gramophone.

Mr. WERMENLINGER: I admit the advent of radio and the introduction of other household necessities, but the decrease is to a greater extent a result of changes in living conditions.

Mr. ROWE (Dufferin-Simcoe): And to Liberal party politics.

Mr. WERMENLINGER: At the low year of the depression there were manufactured in this country 400 pianos. Last year, on account of the initiative of the piano manufacturers, 4,000 were manufactured, giving a weekly payroll of $25,000 to workers in piano plants and supply houses. Last year men working in such plants had forty weeks employment out of fifty-two, and manufacturers expected that this year for the first time since the depression they would have been able to give employment for fifty-two weeks had it not been for the change in this item as a result of the concession we have made to the United States.

I have a circular issued by a house in New York, addressed to dealers and pedlars of pianos in Canada. This circular was sent out at the time this treaty was just about concluded, when our manufacturers and wholesalers and dealers in Canada were not aware of the details of this treaty. This circular reads:

Under the new trade agreement the duty on pianos is reduced to such an extent—

"To such an extent."

—as to make it highly profitable to import pianos from the United States, particularly when they can be bought at a fraction of their true worth. With such values to offer we hasten to communicate the details in order that you may lose no time in availing yourselves of the possible profits. For instance we can furnish twenty-one pianos, harnessed to the car, at $500 or $600 for the entire lot. In both cases the pianos will be unrepaired uprights.

As I said a few moments ago, Mr. Chairman, as a result of new designs and the initiative of our piano manufacturers, new interest in this instrument was developed. Within the last few years the piano has come to be recognized as something more than a piece of furniture in a home, rather, as an instrument carrying with it a certain mark of refinement and possessing great educational value. The duty against Canadian pianos entering the United States is forty per cent. There was a time when our pianos and organs

were welcome in the markets of the world; but now the high tariffs of other countries are interfering with the export of Canadian made pianos, which are recognized to be of sound, good quality. Under this treaty not only is the tariff against Canadian pianos entering the United States placed at forty per cent as against our tariff of 24¾ per cent; not only have we the elimination of our specific minimum valuation of $75 and the removal of the three per cent excise tax; to add insult to injury the parts required to manufacture pianos in Canada, parts coming from the United States, including ebony, ivory, sounding boards, music wire, glues of all kinds and veneers of woods that do not grow in Canada, all come in under the same tariff rates that applied previously. Therefore, the effective duty against pianos coming from the United States under this item represents a protection to Canadian manufacturers of not 24¾ per cent but fifteen per cent.

Mr. POTTIER: Could the hon. gentleman say when the $75 minimum duty was imposed?

Mr. WERMENLINGER: In 1935.

Mr. DUNNING: No, 1931.

Mr. WERMENLINGER: In 1931, if I am not mistaken, there was an advance of seventy-five per cent in the invoice value of pianos entering Canada.

Mr. DUNNING: No; the minimum duty of $75 was imposed in 1931.

Mr. WERMENLINGER: Then, when was the seventy-five per cent advance made in the invoice prices of these pianos?

Mr. DUNNING: About the same time, but it was discontinued later by the same government that had imposed it.

Mr. WERMENLINGER: From the information I have, it appears that the seventy-five per cent advance took place in 1931, after we had experienced so much dumping, and the $75 minimum duty was applied in 1935. I may be wrong, but the fact remains that at the end of 1938 there was a treaty negotiated under which the minimum valuation of $75 was eliminated. That is the crux of the situation.

Mr. DUNNING: No; the minimum duty, not the minimum valuation.

Mr. WERMENLINGER: Well, call it the minimum duty; but now, under this item, pianos entering Canada from the United States will come in at their invoice value.

Mr. DUNNING: Not those second hand pianos.

Mr. WERMENLINGER: Certainly; second-hand or new.

Mr. DUNNING: No; the Canadian customs law will apply to those.

Mr. WERMENLINGER: Then, why should that circular be issued from New York to all dealers in Canada? At any rate there is an extremely limited market in Canada, and I admit at once, before I am told, that this is not a very, very important industry. There is such a limited market for pianos in Canada that to share this market with foreign competition simply means that our Canadian manufacturers will have to put up with an increased cost per unit in overhead.

Mr. POTTIER: May I ask what effect the increase in duty brought about by the Bennett government had on the industry?

Mr. WERMENLINGER: As I mentioned before, it stopped the dumping. Eighty per cent of the pianos sold in the last two or three years have been of the new design, the boudoir size, and so on. Naturally, in order to sell those pianos, trade-ins had to be accepted. Therefore dealers and wholesalers in Canada are already glutted with old stuff; yet here we are making it possible for second-hand pianos to be brought in from the United States. I fail to see that this is any concession to them, because there are so many dealers, jobbers, wholesalers and manufacturers in the United States that I do not see how they can make any profit out of the small market that is available in Canada. The only result will be that our few remaining plants will close, and, as I said before, we have only about twenty per cent of the plants that were in existence prior to 1929.

There is another side to this story and it is this, that the mechanics engaged in the production of these pianos are experts who have acquired their knowledge through experience and study. If, within the next ten or twenty years, the population of this dominion should become double what it is to-day, where shall we find our experts to work in these plants? Surely my good friends from the west will not say that by purchasing second-hand pianos coming from the Ghetto, the Bronx or the Bowery, of New York, they will bring down the cost of production of wheat. I cite that only because I hear so much about it.

Now, Mr. Chairman, let me conclude with these words. It will be remembered that until about two years ago Japan exported

to the United States pianos that could be sold at retail for less than the wholesale price of pianos made in the United States. What happened? The United States authorities did not hesitate; they notified their customs officials to advance the invoice prices of these pianos.

Mr. LANDERYOU: Can my hon. friend tell us the difference in price between pianos in the United States and in Canada?

Mr. WERMENLINGER: I am not sure about the price, but I could tell the hon. gentleman something about the difference in quality. In any event, Japan lost its market for pianos in the United States. Therefore, without doing any harm to the wheat industry or to the cattle industry of the United States, the United States government protected its piano industry.

Then, is it not true that the Australian government has a customs law by which all pianos entering Australia from foreign countries are invoiced at no less than £25? While we realize that some concessions must be made to negotiate a trade treaty, and while we realize the importance of the treaty, yet we say that if a move is made by which men are thrown out of work and factories are closed, no matter whether they are small or large businesses, it is a move in the wrong direction and is a pity.

I refer again to the statement of the Minister of Labour who, when speaking on the address in reply to the speech from the throne, said he was expecting cooperation from private industry. I say, in view of the fact that the piano and organ industry has done its best to combat conditions and to survive, it would be a pity if, after all these long years, and after all these changes in domestic living conditions, it were threatened by the treaty.

Mr. MacNICOL: How is the department going to take care of a situation that might arise from the information contained in the letter which was read by the hon. member, and which I also read earlier in the debate?

Mr. ILSLEY: I have not the bulletin before me which was sent to collectors instructing them how to deal with dumped second-hand pianos. However, to the best of my recollection, the matter has been dealt with in a just but effective manner. The officials of the Department of National Revenue are not here, and I cannot tell the hon. member just what action was taken, but I think there was consideration of some proportion of the value new, or some value which had reasonable relation to the value new, which was fixed as being the minimum value for second-hand pianos.

Mr. MacNICOL: Would it be possible to import a piano at less than $75?

Mr. WERMENLINGER: Certainly.

Mr. ILSLEY: It would all depend upon the value of the piano. I cannot speak definitely but I think some new pianos were quoted at under $100 some years ago. As the item stood, the duty was $75 on those new pianos, plus twenty-five per cent, which was unreasonable.

Mr. DUNNING: As to the effect on the industry may I point out that I have before me figures showing the production of pianos in Canada in 1934 under the rates which my hon. friend described as being suitable and satisfactory. In that year a total of 542 pianos were produced in Canada. In 1936, the first year of the first treaty with the United States, the total production of pianos in Canada, under the reduction which applied until January of this year, was 1,652. That is, the production of pianos actually tripled from 1934 to 1936.

Mr. GLADSTONE: Mr. Chairman, as a result of the use of victrolas and the invention of radio, the piano industry in Canada has declined for many years. But more recently there has been an upward trend in that industry. It has almost become an infant industry in respect to the production of commercial pianos. One can see that the present rate of duty of twenty-five per cent is quite effective on a piano which sells for $300 or $500, or possibly up to $1,000. In those instances there would not be much necessity of the specific duty of $75 per piano which had previously prevailed. But, as I understand the situation, the new commercial type of piano may be valued anywhere from $75 to $100. Consequently, the amount of duty at a twenty-five per cent rate on that commercial piano is not very great.

Considering all the industries related in connection with the supplying of parts and materials, I believe some consideration should be given to the various costs which go into the piano. For instance, in the city of Guelph large quantities of piano plates or castings are manufactured. The coal used in the smelting of the iron costs at shipping points located near where United States pianos are made only about $1.50 a ton. But to bring that coal to Guelph the cost for freight is something like $4.35 a ton, and there is the duty of 81·7 cents a ton. So that a company which

manufactures piano plates carries a heavy additional cost of duty and freight on raw materials which does not have to be borne by the plate manufacturers located near United States plants producing these commercial pianos.

I believe the Minister of National Revenue has acted wisely in fixing a valuation on second-hand pianos—

Mr. MacNICOL: But he has not done that.

Mr. GLADSTONE: —and I think it would be well for him to keep a watchful eye on the value of the cheaper pianos which are likely to come into this country. I refer to pianos such as would be sold to the large departmental stores in New York and Chicago.

Item agreed to.

Customs tariff—597a. Musical instruments of all kinds, n.o.p.; phonographs, graphophones, gramophones and finished parts thereof, including cylinders and records therefor; and mechanical piano and organ players: 25 per cent.

Item agreed to.

Customs tariff—ex 597a. Cylinders or records specially made for use in the study of languages, under such regulations as may be prescribed by the minister: free.

Item agreed to.

Customs tariff—ex 598a. Brass band instruments, of a class or kind not made in Canada: 25 per cent.

Item agreed to.

Customs tariff—599. Hides and skins, raw, whether dry, salted or pickled; and raw pelts: free.

Mr. HOMUTH: Is there any duty on hides going into the United States?

Mr. DUNNING: On bovine hides the rate is ten per cent, and on others it is free, going into the United States.

Item agreed to.

Customs tariff—601. Fur skins of all kinds, not dressed in any manner: free.

Mr. BROOKS: I notice this item is marked "free," and I believe it has been free for some time. I do not know that in the past the fox industry in the United States has particularly affected the fur industry in Canada. I understand, however, that the ranches in the United States are increasing rapidly. I have been informed that a few years ago fox raisers in eastern Canada exported large numbers of live animals to the western United States. As soon as the United States had a sufficient number of these animals to stock their own ranches, they placed a heavy duty against the importation of live animals. To-day the fox farming industry is flourishing in many of the western states. There has been possibly no reason for placing a duty against fox furs coming into Canada from the United States up to the present time, but with the increase in fur ranching in the western United States there is a greater need for protection than there has been in the past. What were the importations of fox furs from the United States during the last three years.

Mr. DUNNING: I shall give the figures for all furs under this item, that is fur skins undressed. Imports of all varieties of fur skins from the United States last year were valued at $2,639,000. Our exports to the United States, which enter that country free, were valued at $4,420,000.

Mr. BROOKS: Is the minister correct in saying that foxes enter the United States free?

Mr. DUNNING: Not foxes, but the others do.

Mr. BROOKS: The duty on fox skins is 37½ per cent.

Mr. DUNNING: Everything except black and silver foxes goes in free. They have a duty on fox skins, but that has been reduced under this treaty. My hon. friend wanted the importations of fox skins as distinct from the others?

Mr. BROOKS: For the past three years.

Mr. DUNNING: I have only the figures for two years. In 1937, imports of fox skins from the United States were $276,000, and in 1938, $172,000.

Mr. BROOKS: I think they were about half a million dollars in 1936.

Mr. DUNNING: It varies with the years. Our exports of black and silver foxes last year to the United States were $177,000, and our exports of other fox skins were $570,000.

Mr. BROOKS: Under this treaty the Scandinavian countries will have the same privilege of exporting to the United States market as Canada, under the favoured nation clause?

Mr. DUNNING: Yes.

Mr. BROOKS: What other countries besides the Scandinavian countries will have that privilege?

Mr. DUNNING: I have not in mind a list of all the countries with which the United States has most favoured nation treaties, but I think it is all but Germany.

Item agreed to.

Customs tariff—604.
(i) Belting leather in butts or bends; and all leather further finished than tanned, n.o.p.: 20 per cent.
(ii) Sheepskin or lambskin leather, further finished than tanned, n.o.p.: 25 per cent.

Mr. STEVENS: I think the committee is entitled to some explanation of those two items. The present item in the tariff reads:

Belting leather in butts or bends; sole leather; and all leather further finished than tanned, n.o.p.

Under the treaty that item has been divided, and belting leather, which has been separated from the main item, is to be admitted on a twenty per cent basis, while the duty on sole leather is fixed at twenty-five per cent. It is extremely difficult to understand why there is this difference in these two items, unless it was thought desirable to give some special consideration to manufacturers of sole leather. I do not know whether the minister is in a position to explain why this division was made, but I think the committee is entitled to a complete explanation. As a matter of fact, the result is grossly unfair to the industry because it gives virtually the same protection to sole leather, whereas in connection with belting leather there is a reduction of 7½ per cent. I should like to ask the minister or his colleague, the Minister of Trade and Commerce (Mr. Euler), for an explanation of the division of this item.

Mr. DUNNING: We simply considered the relative importance of the different branches of the leather industry. For instance, last year the production of sole leather in Canada was over $6,000,000, whereas the production of belting leather was just $200,000. The production of sole leather is an important branch of the leather industry. I do not think it is fair to charge discrimination in the treatment given to different types of leather. It must be remembered that the people who manufacture sole leather do not manufacture patent leather; these are separate and distinct industries.

Mr. STEVENS: Where is the sole leather industry located?

Mr. DUNNING: At a number of points in Ontario and Quebec.

Mr. McNEVIN: At Omemee and Barrie.

[Mr. Brooks.]

Mr. DUNNING: The Minister of Trade and Commerce volunteers the information that there is an industry in Kitchener.

Item agreed to.

Customs tariff—604b. Sole leather: 25 per cent.

Item agreed to.

Customs tariff—605a. Genuine pig leathers and genuine morocco leathers; so-called roller leathers: 25 per cent.

Item agreed to.

Customs tariff—607. Leather, when imported by manufacturers of gloves or leather clothing, for use exclusively in manufacturing gloves or leather clothing, in their own factories: 7½ per cent.

Item agreed to.

Customs tariff—609. Belting, of leather: 25 per cent.

Item agreed to.

Customs tariff—ex 611a. Boots, shoes, slippers and insoles of any material, n.o.p., not including canvas shoes with rubber soles: 30 per cent.

Mr. MacNICOL: What amount of shoes were brought in free in 1938 under the $100 exemption?

Mr. DUNNING: If you allow for the twelve months, it would be about $1,000,000.

Mr. HOMUTH: Has the minister comparative figures of the importations in January and February of this year and January and February of last year?

Mr. DUNNING: I am sorry I have not.

Mr. HOMUTH: I realize the futility of protesting against this item which deals with boots and shoes. This treaty is going to be passed and anything we may say will not change the situation. In spite of what the Minister of Trade and Commerce and other ministers have said with regard to importations of shoes into this country, a great many more shoes are coming into Canada as a result of the changes in this tariff, and a great many shoes are ordered for spring delivery, with the result that our shoe industry is suffering to-day.

Furthermore, wages have had to be cut in the shoe industry, even in those industries where the highest wages were paid of all the shoe industries in Canada, in order to compete with the low-grade shoes coming in from the United States. I can understand to some extent why the government takes the attitude that a few hundred thousand pairs of shoes coming into Canada last year had no serious effect

on the industry in this country, because one has only to read the speech delivered by the Minister of Trade and Commerce in the Waterloo South by-election to appreciate that in his view the trouble with the shoe industry in Canada, so the minister said, was that we had too many shoe factories, and he also said that the same thing applied to the furniture industry. If that is the attitude of members of the cabinet who negotiate trade agreements, I can readily understand that industry in this country cannot expect any consideration whatever from this government. The government might just as well say we have too many wheat farmers, too many butter producers, and if that is their attitude we might just as well get out of the country and give it back to the Indians.

The fact of the matter is that the shoe industry is one that means a great deal to other industries in this dominion. It is important to the tanneries, for instance, and let us consider for a moment some of the other industries that are affected when we import large quantities of shoes. The upper leather for the shoes comes from Oshawa or Kingston, the black or brown leather from Newmarket or London. Then there is Clark's of Toronto; another firm at Omemee and one at Barrie; also two large industries in the city of Kitchener. All these industries are going to be affected by the greater importation of shoes. Then we have the industries supplying the thread, the wooden heels, the eyelets, the packing cases and various other necessary items in the manufacture of shoes. While I realize the futility of protesting against this reduction in the tariff, which with the removal of the excise duty will represent a reduction of some eight or nine per cent, I do say that to-day the shoe industry in Canada is feeling the very serious effects of the greater importations.

Mr. HANSON: An industry that cannot live with thirty per cent protection has no right to live in this country.

Mr. LANDERYOU: I agree with the hon. member for Skeena. Under the high tariff policy of the Conservative government I could have purchased hides in western Canada for fourteen or fifteen cents. The price is substantially higher now than it was when the Conservative tariff went into operation. I think a thirty per cent protection for the shoe industry is sufficient, particularly in view of the fact that hides and other leathers come in free, and we have now this situation, that because of the high freight rates hides are coming in from the United States instead of being purchased in western Canada. So I agree with the reduction that is made here.

Mr. EULER: Mr. Chairman, the hon. member for Waterloo South (Mr. Homuth) has made some reference to something I said in the Waterloo South by-election of more or less unhappy memory.

Mr. MANION: Not for us.

Mr. EULER: No, but I am really rising in my place, not on account of what my hon. friend from Waterloo South said, but rather to ascertain the attitude of my hon. friends opposite with regard to tariffs. I do not think anyone in this house who has known me as a member for a good many years will say that I have at any time been in favour of such a reduction in tariffs as will ruin any Canadian industry. I believe my record will prove that. At the same time I have always contended, and I mentioned in the debate on the address that the former leader of the Conservative party, Mr. Bennett, laid this down as a principle, that the Canadian producer or manufacturer should have sufficient tariff protection to give him a chance of fair competition in his own market. I have said that I have no fault to find with that. I believe that Canadian industry ought to have a fair chance in its own market; but if it ought to have a fair chance for competition, surely that means that there should be some competition.

I mentioned the shoe industry in the Waterloo South by-election, where my hon. friend was a candidate at that time, because he had said that the shoe industry was being seriously injured by imports from the United States, and I quoted figures from my own department, the Dominion Bureau of Statistics, showing that our importations of shoes from the United States amounted to less than two per cent of the consumption in Canada. I was not referring to what came in under the $100 exemption. I contended that that was not a large enough import to injure the Canadian manufacturer seriously. If it is, then the only possible remedy is to put on a prohibitive tariff. I do not think that can be denied.

I was surprised yesterday or the day before, in the debate on textiles, when my hon. friend, I think from Waterloo South, protested against the injury being done to certain textile industries in this country. The Minister of Finance (Mr. Dunning) showed that less than one per cent of the consumption in Canada was imported. If there is going to be the protest made that Canadian industry is going to be ruined because of importations amounting, in some instances, to less than one per cent and, in others, to less than two per cent of the consumption in Canada, then I say the only policy our hon. friends opposite

can adopt is one of complete exclusion. I asked my hon. friend the leader of the opposition, when I spoke in the debate on the address, whether he was in favour of a prohibitive tariff, and he said he was not.

Mr. MANION: I am not.

Mr. EULER: I do not think he is. I leave it to the common sense judgment of the house, when objection is made to imports of less than one or two per cent of consumption, whether you can do anything to shut out that small percentage except by putting on an absolutely prohibitive tariff. I have always been in favour of a reasonable tariff so that our own industries could exist. I have never been in favour of an absolutely prohibitive tariff, and I have no objection whatever to saying that here to-night.

The hon. member also spoke of industries in my own city of Kitchener, and in reply to him I repeat that I have had no complaint with regard to the small reduction that is being made in the tariff on shoes. There is still a tariff of thirty per cent, which I think, ordinarily speaking, ought in almost all lines to be a sufficient protection in Canada. I was speaking to one shoe manufacturer, not a supporter of the party on this side of the house, and he said that he had no complaint to make with regard to the reduction.

I would further point out that the shoe manufacturers are getting some benefit by way of certain reductions which are being made under this trade agreement. Take, for instance, kid leather. We have reduced the tariff from 27½ per cent to twenty per cent. I think that is a step in the right direction, one that is going to help the shoe industry. There are two small tanneries manufacturing kid leather in Canada. They have not been able to supply the Canadian market. The only result has been that the Canadian shoe manufacturer has paid more for his kid leather coming in from the United States than he should have paid, and it has made the price of the shoes higher to the Canadian consumer, without benefit to the manufacturer of shoes. Now we have made some reduction there. Further than that, some of the component parts of the shoe, such as thread, will also get the benefit of the reduction and the removal of the excise tax.

But the point I make is this. If it is contended by our hon. friends opposite that the small importation amounting, in some instances, to less than two per cent, less than one per cent, is objectionable, then their own policy can only be, and I think they should say so, one of complete exclusion. Although I am a supporter of a policy of reasonable protection, I say that I am entirely in disagreement with a policy of complete exclusion.

Mr. MacNICOL: With regard to the minister's remarks about two per cent, what I want him to answer me if he can is this: What per cent of fine shoes of Canadian production is the million dollars' worth that came in under the $100 exemption?

Mr. DUNNING: Nobody can answer that.

Mr. MacNICOL: The Minister of Finance referred a few moments ago to the $100 exemption under which fine shoes, or any kind of shoes, but particularly fine shoes, came in. What percentage of Canadian production does that million dollars' worth represent? It is fine shoes that are coming in under the $100 exemption.

Mr. DUNNING: My hon. friend would no doubt describe as "fine" shoes, women's leather boots, shoes and slippers, sizes 2½ and up. That is about the sort of thing he has in mind. I am looking at my own information which I have here in order to try to answer the hon. gentleman's question. There is no classification of what may be described as fine shoes. There are men's leather boots, shoes, and slippers, sizes 5½ and up; women's leather boots, shoes and slippers, sizes 2½ and up; and children's leather boots, shoes and slippers, all other sizes. Women's shoes would more closely approximate what my hon. friend has in mind. Total importations from the United States of that classification of women's leather boots and shoes were $399,000 last year, which of course would be considerably less than one per cent of the total Canadian production. I have also that classification in the production figures. There is nearly $16,000,000 production of that class in Canada. If all of the million dollars to which my hon. friend refers, which came in free of duty under the $100 exemption, fell into that class, it would still be, as nearly as I can figure mentally, about eight per cent of the production of that particular class. It must be remembered that our total production of boots and shoes was $35,500,000 last year, and total imports from the United States were $583,000. Add your million to the $583,000, and then you get some idea of the size of imports in relation to production.

Mr. EULER: There is one point that must be remembered there. While possibly boots and shoes lend themselves a little more readily to importation under the $100 exemption than some other commodities, it must be borne in mind that there is no legislation

which provides merely for the importation of boots and shoes in that way under the $100 exemption. It runs all along the line and applies as well to many other commodities. And the same condition exists in the United States. When United States tourists come to Canada, they take back goods to the United States, and therefore it is not fair to apply the principle only to boots and shoes. It applies to radios and to a good many other articles as well.

Mr. MacNICOL: Do I understand the minister to say that the percentage of ladies' shoes imported under the $100 exemption was eight per cent?

Mr. DUNNING: No.

Mr. MacNICOL: What did the minister say?

Mr. DUNNING: I was trying to calculate mentally the percentage of the figures I gave. I am of the opinion that the $100 exemption both ways is of distinct advantage to Canada on balance. There is no doubt about that.

Mr. MacNICOL: By which the minister means that United States ladies take back Canadian shoes.

Mr. DUNNING: I am talking about the whole exemption, not boots and shoes alone. Americans take back more goods to the United States than Canadians bring back.

Mr. MacNICOL: We have not yet seen any of their statements indicating how much was taken back. In any event, I suppose they would take back more on account of their population. But comparing their population and their production with ours, I am inclined to think we get the wrong end of the stick so far as providing employment for our people is concerned.

Mr. EULER: Even if the reduction of five per cent in the tariff had not been made, there would still be imported as many under the $100 exemption as before, so that it should not enter into the calculations from the point of view of the reduction made.

Mr. MANION: The minister of Trade and Commerce rather threw a challenge at me in regard to the question of tariffs.

Mr. DUNNING: Not a challenge.

Mr. MANION: In a sense it was a challenge, although I did not take it in any offensive spirit. It was a challenge in regard to our attitude towards tariffs. Let me say frankly that I am not a high tariff man, in the sense that I do not favour prohibitive tariffs. I am exactly the same sort of tariff man as the Minister of Trade and Commerce. He is one of the best protectionists in the house and—I say this without intending to be unfair to him—he has never failed to protect the interests and the industries in his own riding. He has watched them carefully. I do not say that offensively, and indeed I do not find anything wrong with it. But take furniture, for example. In this present treaty it is cut down about one-half of one per cent on a thirty-three per cent tariff. My figures are not exact, but I do not think I am far wrong. However, I do not want to argue any questions of detail. Let me say that I believe in a moderate, not a prohibitive tariff; and that is the attitude of the Conservative party generally. I do not agree with my friends from the west, who seem to have the idea that if you put on a thirty per cent tariff the price goes up thirty per cent. In many instances nothing of the sort occurs. The purpose of a tariff is not to raise prices at all; it is simply to hold the market for the people of the country concerned. That is the real purpose of the tariff.

Mr. MacNICOL: And to give employment.

Mr. MANION: Yes. It not only protects the market, it not only protects the industry affected, but also protects the workingmen in the industry; it protects agriculture in many instances.

Mr. DEACHMAN: What about the consumer?

Mr. MANION: I will answer that question in a moment. My hon. friend is a free trader so long as he is not voting, but the minute he votes he is the best Grit in the house. I used to meet him in the street and discuss various questions with him. I used to think he was one of those chaps who always was fighting for principle, but I found when I got here that no one votes more regularly with his party—

Mr. DEACHMAN: I could not vote for yours.

Mr. MANION: You could vote for ours just as well as for yours on protection, generally speaking. As far as the consumer is concerned, I have said many times on the public platform, and I think it is the belief of every hon. member on this side, that no manufacturer or producer has a right to exploit the people behind tariff walls. If a manufacturer, or any producer, is taking unfair advantage of a tariff, he should lose his protection. When the Bennett government in 1930 to 1935 increased the tariff, we took back from the producers and manufacturers a

promise that they would not raise prices; and so far as I know, with the exception of one industry, they lived up to their agreement.

Mr. DEACHMAN: That was on April Fool's day.

Mr. MANION: Perhaps my hon. friend knows more about April Fool's day than most people, but that was the agreement and it was carried out.

One point brought out by the hon. member for Huron North (Mr. Deachman) seems to me utterly foolish. He and some few others talk free trade, but there are only a few supporters of free trade left in the world; they are a sort of extinct species. No country in the world has free trade; the only country that approached it was Great Britain which had free imports, but not free trade, because there was no nation with which they could trade freely. However, from the early part of the last century up to the war Great Britain had free imports, but we all know that now Great Britain has become one of the most highly protected countries in the world. I am sorry to take up time, but I have not taken much time on this agreement except on the original discussion. I put some figures on *Hansard* in my remarks on the address in reply to the speech from the throne showing that Great Britain is at the present time collecting by means of protective duties three times as much per head of the population as we are. If I remember the figures correctly, Great Britain is collecting about $25 per head and we are collecting $8.50. That is the country which was once free trade. And now the hon. member for Huron North comes out with this antiquated obsolete argument that everyone but himself and a few others threw aside long ago, and attacks his own government with it. The hon. member is about the most antiquated gentleman in this house; he should get up to date.

Mr. DUNNING: Before this Donnybrook goes any further, I did not raise a point of order while the leader of the opposition was speaking—

Mr. MANION: Or the Minister of Trade and Commerce (Mr. Euler).

Mr. DUNNING: As my hon. friend said, he did not take up much time himself on the treaty. But I suggest, as a matter of good sportsmanship that you, Mr. Chairman, might allow the hon. member for Huron North five minutes to reply, which is about the time the leader of the opposition took on the general question of free trade.

Mr. MANION: I am only giving him back a little of his own. He has been abusing me ever since the house met.

Mr. DUNNING: The hon. member when he "abused" the leader of the opposition was in order so far as the item was concerned. The hon. member for Huron North complained of my appealing on a point of order the other day, so I am trying to put myself right with him now by pleading that he be allowed to be out of order for not more than five minutes.

Mr. DEACHMAN: I shall not need that amount of time. All the arguments which I have heard from my hon. friend the leader of the opposition were old when Adam quarreled with the food controller; there is no need to discuss them. I rise merely to ask the Minister of Finance a simple question: Will he be good enough to let the committee know the percentage that wages bear to the total costs of production in the shoe industry in Canada, and also the percentage of material cost?

Mr. DUNNING: I am sorry I have not that information here, but I can get it at a later stage.

Mr. DEACHMAN: I take it as a fairly accurate guess that wages amount to roughly thirty per cent. The tariff rate we now have is thirty per cent, and in addition there is a certain protective element in the sales tax of eight per cent which is levied not only on the value of the goods but on the duty. Last year, or before this change was made, the tariff on shoes was thirty-five per cent plus three per cent on the duty paid value, bringing it up to about thirty-nine per cent, plus the sales tax of eight per cent levied on that value, which would mean approximately an additional three or four per cent levied by the sales tax, bringing the duty altogether pretty close to fifty per cent. Is it enough? It is 100 per cent on the wage cost, at least. Surely even the most embittered protectionist who ever fought the battle for protection must say that a tariff which represents 100 per cent of the wage cost is enough. Surely it is enough.

Mr. HEAPS: One or two statements have been made in connection with which I should like to say a word. In the first place a thirty per cent duty on boots and shoes is fairly high protection. I do not think the shoe industry has much to complain about in that respect. It has been shown by the Minister of Finance that comparatively few shoes are imported. Even if the tariff were doubled or

tripled, there would still be some amount of boots and shoes of specialized kinds imported, which certain people demand.

The leader of the opposition made the general statement that tariffs do not raise prices—

Mr. MANION: I said they are not for the purpose of raising prices.

Mr. HEAPS: Well, a statement of that kind is too general. So far as the boot and shoe industry is concerned, I believe the tariff has not had the effect of raising prices in Canada to any appreciable extent. However, I remember very well sitting on the price spreads committee when it went carefully into the boot and shoe industry and discovered a sad state of affairs. Wages in the industry were extremely low; men and women employed in it were very much underpaid, and furthermore many of the concerns in the industry were in a bad financial condition. So apparently the tariff had not the effect of increasing prices; there was so much internal competition that prices were kept fairly low. But, I may mention in passing, there are industries that take full advantage of every bit of tariff protection. I do not want to go into that aspect now. As regards the boot and shoe industry, however, I point out that in spite of the thirty per cent protection granted by this government, and the still higher protection formerly granted, the men and women employed in that industry receive no advantage whatever from the protection given to the industry. It came out in the price spreads investigation that they are among the lowest paid workers in Canada.

Item agreed to.

Customs tariff—611b. Leather garments, lined or unlined: 30 per cent.

Item agreed to.

Customs tariff—612. Harness and saddlery, including horse boots, n.o.p.: 22½ per cent.

Item agreed to.

Customs tariff—613. Manufactures of leather, including manufactures of rawhide, n.o.p.: 25 per cent.

Item agreed to.

Customs tariff—ex 616. Rubber, recovered: free.

Item agreed to.

Customs tariff—618. Rubber cement and all manufactures of India-rubber and gutta percha, n.o.p.: 22½ per cent.

Item agreed to.

71492—149½

Customs tariff—618b. Tires of rubber for vehicles of all kinds, fitted or not: 25 per cent.

Item agreed to.

Customs tariff—618c; ex 711. Chlorine derivatives of India-rubber insoluble in carbon tetrachloride, in sheets not exceeding three one-thousandths of an inch in thickness, coloured or not but not printed, lithographed or embossed, when for use in Canadian manufactures: 5 per cent.

Item agreed to.

Customs tariff—619. Rubber or gutta percha hose, and cotton hose lined with rubber; rubber mats or matting and rubber packing: 22½ per cent.

Mr. MacNICOL: What are the imports of rubber hose?

Mr. DUNNING: Of rubber hose, mats and packing, imports from the United States last year amounted to $216,000. Our exports to all countries totaled $224,000, to the United States, $7,900; and our Canadian production, adding all items together, was $2,400,000.

Mr. ROSS (St. Paul's): What are our importations of crude rubber from the United States for the last ten years, since the imposition of the excise tax?

Mr. DUNNING: Crude rubber not being in the agreement, I have not the details before me with respect to the imports. If my hon. friend will communicate with me, I shall gladly give him the information as a matter of general interest.

Mr. ROSS (St. Paul's): Then, may I ask if it is intended to remove the excise tax from crude rubber?

Mr. DUNNING: My hon. friend will realize immediately that this question does not arise under this agreement. Under the agreement the Canadian government agrees with the United States government that it will ask this parliament to remove the excise on those items named in the schedule. Any decision with respect to items not named in the schedule is a matter of domestic policy for Canada, which will be revealed by the government in due course.

Mr. ROSS (St. Paul's): There are many articles that enter into the manufacture of rubber tires and rubber goods, and a great many of those articles are not mentioned in the agreement. Others are included in the agreement, and it is proposed to remove the excise tax from them. In addition, the duty has been reduced on many lines of rubber goods coming into Canada, and it seems to

me that before we can intelligently discuss these items concerning rubber goods, we should know what articles will have the excise tax removed, and on what articles it will remain.

Mr. DUNNING: May I tell my hon. friend why that information is not necessary to him. It is not necessary because he gets all his crude rubber free, now, under the British preference, and at present under the British preference there is no three per cent special excise. So my hon. friend can possess his soul in patience in that regard, and be sure that everything is going well.

Item agreed to.

Customs tariff—619a. India-rubber clothing and clothing made from waterproofed cotton fabrics: 30 per cent.

Item agreed to.

Customs tariff—622. Trunks, valises, hat boxes, carpet bags, tool bags, and baskets of all kinds, n.o.p.: 30 per cent.

Item agreed to.

Customs tariff—623. Musical instrument cases and fancy cases or boxes of all kinds, portfolios and fancy writing desks, satchels, reticules, card cases, purses, pocket-books, fly books and parts thereof: 30 per cent.

Item agreed to.

Customs tariff—624a.
ex (i) Toys of all kinds, n.o.p.: 30 per cent.
(ii) Mechanical toys of metal: 30 per cent.

Item agreed to.

Customs tariff—647. Jewellery of any material, for the adornment of the person, n.o.p.: 35 per cent.

Item agreed to.

Customs tariff—651. Buttons of all kinds, covered or not, and button blanks other than in the rough, n.o.p.; recognition buttons and cuff or collar buttons: 30 per cent; and, per gross, 5 cents.

Mr. HOMUTH: What is the importation of buttons from the United States? I should like those figures for this and the next item; I do not know whether or not they are separate.

Mr. DUNNING: I have them separately. Under this item we imported $155,000 worth from the United States and exported $37,000 worth to all countries, the exports to the United States being very small.

Mr. HOMUTH: Were our exports chiefly to Australia and New Zealand?

Mr. DUNNING: Our exports were chiefly to the United Kingdom, British South Africa and Trinidad.

Item agreed to.

[Mr. Ross (St. Paul's).]

Customs tariff—651a. Buttons, and button blanks other than in the rough, of vegetable ivory: 30 per cent, and, per gross, 10 cents.

Mr. DUNNING: My hon. friend wants the same information on this item. Our imports from the United States amounted to $54. Exports were included in the previous item, and our Canadian production was $205,000.

Item agreed to.

Customs tariff—654. Bristles, broom corn, and hair brush pads: free.

Item agreed to.

Customs tariff—ex 655a. Crayons of chalk: 20 per cent.

Mr. MacNICOL: I should like to ask the reason for cutting this tariff by approximately forty-two per cent.

Mr. DUNNING: I receive a great deal of correspondence about many of these items. I cannot remember one about which there were more requests for a reduction in duty in the last couple of years than I received from schools and places of that kind in connection with the duty on chalk. On looking into the matter it seemed to me that we could do that which is here done.

Mr. MacNICOL: Do we export any crayons ourselves?

Mr. DUNNING: Exports are not separately recorded. If any, they go in with a basket item of exports.

Mr. COLDWELL: Is there any considerable industry in the making of such crayons?

Mr. DUNNING: Our production of chalk and wax crayons amounted to $112,000 in the last recorded year.

Mr. COLDWELL: And our imports?

Mr. DUNNING: Our total imports were $90,000, of which $61,000 came from the United States and most of the balance from Great Britain.

Item agreed to.

Customs tariff—657a. Cinematograph or moving picture films, positives, one and one-eighth of an inch in width and over, n.o.p.: 2½ cents per linear foot.

Mr. ESLING: May I ask the minister if this is a new item?

Mr. DUNNING: No; this is the same item, with a reduction in the tariff rate.

Mr. ESLING: Then, how does it differ from the ordinary film?

Mr. DUNNING: It is the only item covering cinematograph films, and therefore includes everything one and an eighth inch and over in width. I should make the qualification that these are positives.

Mr. ESLING: These are not returned?

Mr. DUNNING: No; these pay the duty.

Item agreed to.

Customs tariff—657b; ex 532; ex 711. Parts, unfinished, when imported by manufacturers of cameras, for use in the manufacture of cameras, in their own factories: 5 per cent.

Item agreed to.

Customs tariff—663. Fertilizers, compounded or manufactured, n.o.p.: 5 per cent.
Provided, that Canada reserves the right to withdraw this concession should any restriction be placed on the export of phosphate rock or superphosphate from the United States of America.

Item agreed to.

Customs tariff—663c; ex 711. Soya beans, soya bean oil cake and soya bean oil meal, when imported for use as animal or poultry feeds, or as fertilizer, or when imported for use in the manufacture of animal or poultry feeds or fertilizers: free.

Mr. ROSS (St. Paul's): Is there any considerable production of soya beans in Canada?

Mr. DUNNING: The value of the production of soya beans is not separately recorded, but there is very little production of the bean. There is a certain amount of production for fodder purposes, but the trade journal, the Linseed-Soya Bean Oil Industry, reports that soya bean products, which include soya bean oil, soya bean meal and soya bean flour, had a production to a value of $51,000 in Canada in 1936 and $110,000 in 1937; a small production for a variety of purposes.

Mr. ROSS (St. Paul's): Might I point out to the minister the danger in having soya bean oil cake and other products of the soya bean on the free list. These products are rapidly replacing ordinary farm products of Ontario used for feed, greatly to the detriment of the farmers of this province. I believe soya beans formed the fourth largest field crop of the United States last year, and in view of that fact our farmers are bound to have more and more competition from the soya bean. The production of this commodity is increasing rapidly, but now we find that these products are bound on the free list for three years.

Mr. DUNNING: The only change in this item is that previously manufacturers of products of soya beans obtained their soya beans free, but the man who desired to feed soya beans in order to produce live stock had to pay 22½ per cent. All the change involves is that it gives the man who feeds soya beans the same privilege the manufacturer has had all these years. There has been no production in Canada of any account. Nobody imagines for a moment that placing a tariff on soya beans would help the farmers to grow them in parts of Canada which are climatically unsuited for it. Even in Ontario, in that favoured part of Ontario in which experiments are being made, may I say that a year ago I had figures which showed how very, very small was the production of soya beans of commercial value. I am distinguishing between soya beans in the commercial sense and soya beans in the fodder sense.

Mr. ROSS (St. Paul's): I understand what the minister has said. There is in process I know a greater production of soya beans in Canada.

The other important matter is this: I am not objecting to this being placed on the free list, but I am objecting to having these products bound for three years. You cannot get away from it; they are replacing other farm products to a very large extent. Beans are being imported and processed here. More and more of them will be imported, and there are new industries in prospect at the present time. I say the item should not have been bound for three years, and that is my objection.

Item agreed to.

Customs tariff—670. Grinding wheels, stones or blocks, manufactured by the bonding together of either natural or artificial abrasives; manufactures of emery or of artificial abrasives, n.o.p.: 22½ per cent.

Mr. CLARKE (Rosedale): How much of this product is manufactured in Canada and exported to the United States?

Mr. DUNNING: Total imports of grinding wheels, grinding stones and blocks, and manufactures of emery or abrasive articles from the United States were valued at $170,000, on the whole of the item. Our total exports were valued at $151,000. Our total production is valued at about $1,255,000.

Mr. CLARKE (Rosedale): What is the rate into the United States?

Mr. DUNNING: The rate is ten per cent on emery wheels, files and manufactures of emery, corundum and artificial abrasives, and twenty per cent on wheels of corundum or silicon carbide.

Item agreed to.

Customs tariff—682a; ex 618. Net floats of aluminum, glass, canvas, cork or rubber, for use exclusively in commercial fishing: free.

Item agreed to.

Customs tariff—688. Artificial teeth, not mounted: free.

Mr. HOMUTH: Is this the teeth in the legislation, Mr. Minister?

Item agreed to.

Customs tariff—693. (iii) Antiquities (other than spirits or wines) produced more than 100 years prior to date of importation, under such regulations, including proof of antiquity, as may be prescribed by the minister: free.

Provided that, notwithstanding anything to the contrary in any law or regulation relating to customs, antiquities as described above shall be relieved from the requirements as to origin or content.

Item agreed to.

Customs tariff—711. All goods not enumerated in this schedule as subject to any other rate of duty, and not otherwise declared free of duty, and not being goods the importation whereof is by law prohibited: 20 per cent.

Provided that duty shall not be deemed to be provided for by this item upon dutiable goods mentioned as "n.o.p." in any preceding tariff item.

Provided further that when the component material of chief value in any non-enumerated article consists of dutiable material enumerated in this schedule as bearing a higher rate of duty than is specified in this tariff item, such non-enumerated article shall be subject to the highest duty which would be chargeable thereon if it were composed wholly of the component material thereof of chief value, such "component material of chief value" being that component material which shall exceed in value any other single component material in its condition as found in the article.

Mr. MacNICOL: Will the minister explain the significance of this item?

Mr. DUNNING: This is a general, all-inclusive basket item for everything which has not otherwise been provided for in any part of the tariff schedule. Last year from the United States we imported under the item $6,000,000 worth of all sorts of odds and ends. The long list appears on two pages of the information before me.

Mr. HARRIS: What were the importations for the year before?

Mr. DUNNING: I believe there are sixty-two headings. In the year before, from the United States we imported goods under this item to the value of $5,300,000.

Mr. MacNICOL: Could the information be placed on *Hansard*. I do not wish the minister to read it, but possibly it could be handed to *Hansard*.

Mr. DUNNING: I should be glad to do that. The table has three columns showing importations from the United Kingdom and the United States, and another column showing total importations. They are as follows:

Detail of imports into Canada under tariff item 711, in the fiscal year 1938

Customs statistical classification item	Value of imports		
	Total	United Kingdom	United States
Peas, split	$ 41,397	$ 16,282	$ 2,150
Bran and mill feed	97,264	188	96,724
Hominy, cracked, evaporated or dried corn	206,128	....	206,128
All other breadstuffs, n.o.p.	27,996	4,155	16,851
Peanut oil, n.o.p., edible	37,683	1,326	2,309
Soya bean oil, n.o.p. edible	36,910	21,652	326
Gums, other and blends of gums, n.o.p.	116,658	3,984	111,370
Castor oil	203,415	155,743	8,807
Rape seed oil, blown, for manufacturing purposes	54	....	54
Vegetable oil, n.o.p.	179,316	84,639	71,336
Vegetable products, n.o.p.	1,002,685	152,018	762,914
Ivory, manufactures of n.o.p.	4,453	2,157	568
Shells, n.o.p. crushed or ground	59,082	....	58,996
Milk and cream, fresh	3,190	519	2,669
Other animal oil, n.o.p.	10,521	980	9,541
Isinglass	5,462	1,267	1,897
Gut and manufactures, n.o.p.	73,830	26,196	19,459
Animal products, n.o.p.	109,256	18,367	68,820
Straw, manufactures of, n.o.p.	1,242	15	603
Fibre or textile products, n.o.p.	6,550	79	5,061
Silver and other coins, foreign, except gold	....	....	....
Non-ferrous metals and products, n.o.p.	214,135	49,973	159,024
Oils, all other, n.o.p.	85,463	7,245	75,596
Lime	40,397	....	40,397
Chalk, prepared	6,215	150	5,946
Talc or soapstone, ground or unground	46,097	....	36,475
Magnesia pipe covering	67,526	48,317	19,193
Mica and manufactures of, n.o.p.	85,551	13,623	54,634

Detail of imports into Canada under tariff item 711, in the fiscal year 1938—*Concluded*

Customs statistical classification item	Value of imports		
	Total	United Kingdom	United States
Acid, nitric, n.o.p.	23,869	....	22,850
Acid, salicylic and acetyl salicylic	112,423	30,707	70,524
Acid, citric	207,159	191,313	1,507
Acids, other, n.o.p.	387,827	159,027	151,295
Caffeine and salts of, n.o.p.	294	125	61
Cocaine	14,299	4,888	5,250
Codeine and salts of	122,732	54,662	....
Morphine	24,920	13,488	....
Strychnine and salts	13,789	6,382	7,407
Ammonia compounds, n.o.p.	98,528	55,357	35,565
Bismuth salts	16,589	14,005	2,533
Chlorine, liquid or chlorine gas	153,438	....	153,438
Potash, bicarbonate of	1,270	545	85
Potash compounds, n.o.p.	71,488	27,597	16,822
Glauber salts	28,212	462	1,600
Soda, bicarbonate of	195,113	13,734	180,910
Soda, hyposulphite of, n.o.p.	51,758	37,740	9,150
Soda phosphate	62,142	6,243	52,471
Sodium compounds, n.o.p.	346,709	59,376	260,928
Magnesia (magnesium oxide)	30,130	17,581	9,461
Magnesium sulphate or Epsom salts	32,585	1,810	13,296
Mercury salts	6,619	4,855	1,764
Carbon tetrachloride	64,592	1,452	43,948
Glycerine, n.o.p.	7,960	....	7,312
Naphthalene, refined, in flakes and balls	52,020	51,853	155
Vanillin	43,578	31,175	2,409
All other drugs, dyes and chemicals etc., n.o.p.	3,065,464	607,548	2,141,413
Ginger ale	1,366	1,264	102
Mineral and aerated waters, n.o.p.	82,523	4,398	22,973
Wax and manufactures of, n.o.p.	64,771	11,583	46,704
Unenumerated articles	....	....	....
Mineral and bituminous substances, n.o.p.	1,021,573	69,190	938,271
Totals	$9,174,216	$2,087,235	$6,038,052

Mr. HARRIS: This is a large item, and although I do not wish to hold up the minister—

Mr. DUNNING: Has the hon. member anything in mind, because if he has, I can answer specifically.

Mr. HARRIS: There are one or two observations I should like to make. In this day and generation when inventions are being made by leaps and bounds, and when each day there is something new, particularly great advances in science in the United States and in the larger countries, we find more and more items creeping into the basket item 711. Apart, from the fact that the loss in this item 711 in revenue from excise tax is $180,000 this year, during the lifetime of the agreement, unless those charged with the responsibility of saying that such and so shall be listed under item 711 perform their duty thoroughly, a very large number of new materials will find their way into the item. I do not refer to new inventions, particularly, but more to the derivatives from old, established products. I would have in mind coal-tar products, or something of that kind. I do not say, of course. that coal-tar is a specific item, but I just mention it so that hon. members will have some idea of the possibilities of commodities which are liable to find their way into the basket item 711 during the lifetime of this trade agreement.

I should not be at all surprised to see this figure of $6,000,000 imports for last year and $5,000,000 for the year before reach a sum three or four times as large before the expiry of the agreement. That will be so, unless the Minister of Finance and the department under him, and any others who may be charged with the administration of this agreement, are meticulous in exercising their discretion as to what will or will not be allowed to go into the item. I suggest that they should go so far as to make new items, as they go along, so that we in this country, who as a rule are a step behind scientific advance in the United States, will not find this basket item standing out as one of the main items under which tremendous volumes of importations may enter Canada to the detriment of similar Canadian products. Had I known we would reach this item I would have brought a sample of what I have in mind to the attention of the committee. Branch factories may

be erected in Canada for purposes of distribution of certain products, but those products invariably have been made for several years in the United States and will find their way into Canada under this particular item.

Leaving all that aside for the moment, I would give warning to those who are charged with the administration of this agreement. Let me reiterate what I have said on previous occasions, that to my mind this is a case where the excise tax provision, which will form part and parcel of the trade agreement after the ratifying legislation is passed, will bring further loss to the treasury of Canada. I know the minister will reply immediately that rather than there being a loss to the treasury, there will be an advantage to the consumer. However, let us be sensible. This three per cent excise tax is not going to be given entirely to the consumer. For example, if three pairs of socks are being sold for $1 and the three per cent excise tax is taken off, they will still be sold for $1. The treasury of Canada will be bereft of $180,000 under this item and $12,000,000 under all the items, and we shall still be paying $1 for three pairs of socks.

Item agreed to.

Customs tariff—ex 711. Oyster shells, not further manufactured than crushed or screened, or both, for use as poultry feeds or in the manufacture of poultry feeds: 10 per cent.

Item agreed to.

Customs tariff—ex 711. Activated clay, when imported for use in the refining of oils: 10 per cent.

Item agreed to.

Customs tariff—ex 711. Coal-tar benzol, when imported by refiners of crude petroleum, for use exclusively in blending with gasoline wholly produced in Canada: 10 per cent.

Item agreed to.

Customs tariff—ex 711. Vermiculite, crude, or not further processed than ground and screened: 10 per cent.

Item agreed to.

Customs tariff—756. Artificial abrasive grains, crushed or ground, when imported for use in Canadian manufactures: free.

Item agreed to.

Customs tariff—792. Cotton pulp imported by manufacturers for use exclusively in their own factories in the manufacture of yarns of artificial silk or similar synthetic fibres produced by chemical processes, under regulations to be prescribed by the Minister of National Revenue: free.

Item agreed to.

Customs tariff—816; 664b. Ethylene glycol, when imported by manufacturers for use exclusively in the manufacture of anti-freezing compounds or of explosives, in their own factories: free.

Item agreed to.

Mr. DUNNING: That completes the schedule. If hon. members will turn to the articles in the agreement, we shall deal first with article I.

Mr. STIRLING: After having passed the articles, shall we then proceed to the memoranda and annexes at the end?

Mr. DUNNING: I do not know that the annexes at the end require to be adopted. They will not be in the bill at all, so we shall not require to deal with them. They are for the information of hon. members in considering the bearing of the various features in the treaty. The procedure will be as formerly. We shall go through the articles and then report the whole schedule, being the treaty, out of committee, after which I shall ask for leave to introduce a bill. The bill will go through the usual stages. It will not be read a second time immediately, but it will go through the normal stages of a bill except that when we come to committee of the whole house the chairman will call the schedule, which is the agreement itself, and this, having been carried previously in committee of ways and means, will not require to be gone through again in detail in the committee.

Mr. STIRLING: Would the minister mind turning to page 51 of the trade agreement and telling me under which particular article I could ask for information with regard to the last paragraph?

Mr. DUNNING: There is no article specifically covering that. That is an understanding between the two countries as to the working out of the treaty in the event of certain contingencies.

On article I:

1. Canada and the United States of America will grant each other unconditional and unrestricted most-favoured nation treatment in all matters concerning customs duties and subsidiary charges of every kind and in the method of levying duties, and, further, in all matters concerning the rules, formalities and charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations affecting the sale or use of imported goods within the country.

2. Accordingly, articles the growth, produce or manufacture of either country imported into the other shall in no case be subject, in regard to the matters referred to above, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like articles

the growth, produce or manufacture of any other foreign country are or may hereafter be subject.

3. Similarly, articles exported from the territory of Canada or the United States of America and consigned to the territory of the other country shall in no case be subject with respect to exportation and in regard to the above-mentioned matters, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like articles when consigned to the territory of any other foreign country are or may hereafter be subject.

4. Any advantage, favour, privilege or immunity which has been or may hereafter be granted by Canada or the United States of America in regard to the above-mentioned matters, to any article originating in any other foreign country or consigned to the territory of any other foreign country shall be accorded immediately and without compensation to the like article originating in or consigned to the territory of the United States of America or Canada, respectively, and irrespective of the nationality of the carrier.

Article agreed to.

On article II:

1. No prohibition or restriction shall be imposed or maintained on the importation into either country of any article, from whatever place arriving, the growth, produce or manufacture of the other country, to which the importation of the like article the growth, produce or manufacture of any other foreign country is not similarly subject.

2. No prohibition or restriction shall be imposed or maintained on the exportation of any article from either country to the other to which the exportation of the like article to any other foreign country is not similarly subject.

Article agreed to.

On article III:

If imports of any article into either country should be regulated either as regards the total amount permitted to be imported or as regards the amount permitted to be imported at a specified rate of duty, and if shares are allocated to countries of export, the share allocated to the other country shall be based upon the proportion of the total imports of such article from all foreign countries supplied by that country in past years, account being taken in so far as practicable in appropriate cases of any special factors which may have affected or may be affecting the trade in that article. In those cases in which the other country is a relatively large supplier of any such article, the government of the country imposing the regulation shall, whenever practicable, consult with the government of the other country before the share to be allocated to that country is determined.

Article agreed to.

On article IV:

1. If either country establishes or maintains a monopoly for the importation, production or sale of a particular commodity or grants exclusive privileges, formally or in effect, to one or more agencies to import, produce or sell a particular commodity, the government of the country establishing or maintaining such monopoly, or granting such monopoly privileges, agrees that in respect of the foreign purchases of such monopoly or agency the commerce of the other country shall receive fair and equitable treatment. To this end it is agreed that in making its foreign purchases of any product such monopoly or agency will be influenced solely by those considerations, such as price, quality, marketability, and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing such product on the most favourable terms.

2. In awarding contracts for public works and in purchasing supplies, neither government shall discriminate against articles the growth, produce or manufacture of the territories of the other country in favour of those of any other foreign country.

Article agreed to.

On article V:

Articles the growth, produce or manufacture of Canada or the United States of America shall, after importation into the other country, be exempt from all internal taxes, fees, charges or exactions, other or higher than those payable on like articles of national origin or any other origin, except as otherwise required by laws in force on the day of the signature of this agreement and subject to the limitations on the authority of either government.

Article agreed to.

On article VI:

1. Articles the growth, produce or manufacture of the United States of America, enumerated and described in schedule I annexed to this agreement shall, on their importation into Canada, be exempt from ordinary customs duties in excess of those set forth in the said schedule, subject to the conditions therein set out. The said articles shall also be exempt from all other duties, taxes, fees, charges, or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this agreement or required to be imposed thereafter under laws of Canada in force on the day of the signature of this agreement.

2. Schedule I shall have full force and effect as an integral part of this agreement.

Article agreed to.

On article VII:

1. Articles the growth, produce or manufacture of Canada enumerated and described in schedule II annexed to this agreement shall, on their importation into the United States of America, be exempt from ordinary customs duties in excess of those set forth and provided for in the said schedule, subject to the conditions therein set out. The said articles shall also be exempt from all other duties, taxes, fees, charges, or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this agreement or required to be imposed thereafter

under laws of the United States of America in force on the day of the signature of this agreement.

2. Schedule II shall have full force and effect as an integral part of this agreement.

Article agreed to.

On article VIII:

1. The provisions of articles VI and VII of this agreement shall not prevent the government of either country from imposing at any time on the importation of any article a charge equivalent to an internal tax imposed in respect of a like domestic article or in respect of a commodity from which the imported article has been produced or manufactured in whole or in part.

2. Moreover, the provisions of articles VI and VII shall not be construed to embrace such reasonable fees, charges or exactions, imposed at any time by the government of either country in connection with the documentation of any shipment, as are commensurate with the cost of the services performed.

Article agreed to.

On article IX:

Sawed lumber and timbers, telephone, trolley, electric-light, and telegraph poles of wood, and bundles of shingles, the growth, produce or manufacture of Canada, imported into the United States of America, shall not be required to be marked to indicate their origin in any case where the imported article is of the same class or kind as articles which were imported into the United States of America in substantial quantities during the five-year period immediately preceding January 1, 1937, and were not required during such period to be marked to indicate their origin.

Mr. MacNICOL: Could the minister explain the significance of the five-year period in this article?

Mr. DUNNING: In order to determine what articles shall not be marked, reference is made to those which entered the United States from Canada in substantial quantities during the preceding five years without marking required.

Article agreed to.

On article X:

1. No prohibition, restriction or any form of quantitative regulation, whether or not operated in connection with an agency of centralized control, shall be imposed or maintained in Canada on the importation or sale of any article the growth, produce or manufacture of the United States of America enumerated and described in schedule I, or in the United States of America on the importation or sale of any article the growth, produce or manufacture of Canada enumerated and described in schedule II, except as otherwise expressly provided in the said schedules.

2. The foregoing provision shall not apply to quantitative regulations in whatever form which may hereafter be imposed by the government of either country on the importation or sale of any article the growth, produce or manufacture of the other, in conjunction with governmental measures or measures under governmental authority

[Mr. Dunning.]

(a) operating to regulate or control the production, market supply, quality or price of the like article of domestic growth, production or manufacture; or

(b) operating to increase the labour costs of production of the like article of domestic growth, production or manufacture;

Provided, however, that the government proposing to impose any such quantitative regulation shall have satisfied itself, in the case of measures described in subparagraph (a) of this paragraph, that such quantitative regulation is necessary to secure the effective operation of such measures, and, in the case of measures described in subparagraph (b), that such measures are causing the domestic production of the article concerned to be injuriously affected by imports which constitute an abnormal proportion of the total consumption of such article in relation to the proportion supplied in the past by foreign countries.

3. Whenever either government proposes to impose or to effect a substantial alteration in any quantitative regulation authorized by the preceding paragraph, that government shall give notice in writing to that effect to the other and shall, upon request, enter into consultation regarding the matter. If agreement is not reached within thirty days after the receipt of the notice the government giving it shall be free to impose or alter the regulation at any time, and the other government shall be free within fifteen days after such action is taken to terminate this agreement in its entirety on giving thirty days' notice in writing to that effect.

Article agreed to.

On article XI:

In respect of articles the growth, produce or manufacture of the United States of America enumerated and described in schedule I, imported into Canada, and of articles the growth, produce or manufacture of Canada enumerated and described in schedule II, imported into the United States of America, on which ad valorem rates of duty, or duties based upon or regulated in any manner by value, are or may be assessed, the general principles on which dutiable value is determined in each of the importing countries on the day of the signature of this agreement shall not be altered so as to impair the value of any of the concessions provided for in this agreement.

Article agreed to.

On article XII:

1. Nothing in this agreement shall be construed to prevent the enforcement of such measures as the government of either country may see fit to adopt

(a) relating to the importation or exportation of gold or silver;

(b) relating to the control of the import or export or sale for export of arms, ammunition, or implements of war, and in exceptional circumstances, all other military supplies;

(c) relating to neutrality or to public security; or

(d) should that country be engaged in hostilities or war.

2. Subject to the requirement that, under like circumstances and conditions, there shall be no arbitrary discrimination by either country against articles the growth, produce or manufacture of the other country in favour of the like articles the growth, produce or manufacture of

any other foreign country, the provisions of this agreement shall not extend to prohibitions or restrictions

(a) imposed on moral or humanitarian grounds;

(b) designed to protect human, animal or plant health or life;

(c) relating to prison-made goods; or

(d) relating to the enforcement of police or revenue laws.

Article agreed to.

On article XIII:

If a wide variation should occur in the rate of exchange between the currencies of Canada and the United States of America, and if the government of either country should consider the variation so substantial as to prejudice the industries or commerce of that country, it shall be free to propose negotiations for the modification of this agreement; and if agreement with respect thereto is not reached within thirty days following receipt of such proposal, the government making such proposal shall be free to terminate this agreement in its entirety on thirty days' written notice.

Mr. COLDWELL: I was wondering just what is meant by this particular article. Does it not tend to tie our currency to that of the United States?

Mr. DUNNING: No.

Mr. COLDWELL: I notice there is provision for negotiation and so on, but I have in mind 1931 and 1932 when we kept our currency in line with that of the United States, I think very much to the detriment of our primary producers. It seems to me that if, inferentially at least, we are going to do this under this article, it will be somewhat dangerous from the point of view of the primary producer. To negotiate variations in this treaty at a time when exchange fluctuations overseas are rather serious would, in my opinion, militate rather seriously against the primary producer. I should like to have a word from the minister on this.

Mr. DUNNING: If this ties us to the United States exchangewise, then the other trade agreement ties the United Kingdom to the United States, because the same conditions are present in each treaty. I may say that it would be quite impossible in these days to negotiate a treaty without a provision which would enable each country to be free with respect to exchange. My hon. friend will appreciate that when he considers the matter. This article does not change our situation in the slightest degree, but of course the existence of a trade treaty with any country compels us to count the cost exchangewise with respect to anything we may be contemplating at any time.

Article agreed to.

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On article XIV:

The government of each country reserves the right to withdraw or to modify the concession granted on any article under this agreement, or to impose quantitative regulations on the importation of any such article if, as the result of the extension of such concession to other foreign countries, such countries obtain the major benefit of the concession, and if in consequence imports of the article concerned increase to such an extent as to threaten serious injury to domestic producers: Provided, that before any action authorized by the foregoing reservation is taken, the government proposing to take such action shall give notice in writing to the other government of its intention to do so, and shall afford such other government an opportunity within thirty days after receipt of such notice to consult with it in respect of the proposed action.

Article agreed to.

On article XV:

1. Should any measure be adopted by the government of either country which, while not conflicting with the terms of this agreement, appears to the government of the other country to have the effect of nullifying or impairing any of the objects of the agreement, the government which has adopted any such measure shall consider such representations and proposals as the other may make, with a view to effecting a mutually satisfactory adjustment of the matter.

2. The government of each conutry will accord sympathetic consideration to, and when requested will afford adequate opportunity for consultation regarding, such representations as the other government may make with respect to the operation of customs laws and regulations, quantitative restrictions on imports or the administration thereof, the observance of customs formalities, and the application of sanitary laws and regulations for the protections of human, animal or plant health or life.

3. In the event that the government of either country makes representations to the government of the other country in respect of the application of any sanitary law or regulation for the protection of human, animal or plant health or life, and if there is disagreement with respect thereto, a committee of technical experts on which each government will be represented shall, on the request of either government, be established to consider the matter and to submit recommendations to the two governments.

Mr. HARRIS: Could the minister enlarge on the meaning of the second paragraph where it says, "adequate opportunity for consultation regarding such representations as the other government may make with respect to the operation of customs laws and regulations." My next question, which is perhaps more important, is with reference to the consultations covering quantitative restrictions on imports. What sort of machinery is being set up for the administration of this part of this act?

Mr. DUNNING: Normally, External Affairs, from Canada's end, with the Department of the Secretary of State at Washing-

ton, at their end. It is an undertaking on the part of each party that they will listen sympathetically to any representations made by the other party.

Mr. HARRIS: But in matters of consultation of this kind the essential element of time creeps in. I am thinking of another agreement passed in 1932 in connection with which representations have been made in the past, and the minister will have in mind probably what I am thinking of. Just now I am thinking of the great difficulties that Canada is going to get into during the lifetime of this three-year agreement. Will this organization take two or three years, or is there any way of speeding it up? I put this on record in *Hansard* so that reference may be made to it. The minister will probably agree that the administration of matters of this kind is something like the administration of justice—you get it eventually. I did not know whether the minister would like, from his seat, to enlarge upon the routine that would be followed, so that when we have to do it we may do it with some expedition.

Mr. DUNNING: You can always agree to consult with anybody, but you cannot decide how long it is going to take the two parties who consult to agree. This merely provides amicable machinery for consultation, but it does not guarantee agreement. In the instance to which my hon. friend refers, which was so unfortunate, in connection with the trade treaty known as the Ottawa agreements of 1932, there was no lack of facilities for consultation and communication, but there was distinctly a lack of agreement.

Mr. HARRIS: Would this have the same effect as article XVIII, as I recall it, of the 1932 agreement?

Mr. DUNNING: It is not exactly the same wording.

Mr. McNEVIN: Could dumping be considered under this provision?

Mr. DUNNING: No, that is covered by Canadian law.

Mr. BROOKS: Would bonuses be considered under this item?

Mr. DUNNING: Yes, anything of that kind of which either country complains could result in representations under section 1 of Article XV.

Mr. ROSS (St. Paul's): Under which article does Canada undertake to remove the excise tax?

Mr. DUNNING: We have already passed that as the head-note to schedule I, at the top of page 13.

[Mr. Dunning.]

Mr. HARRIS: The provision here is for "a committee of technical experts on which each government will be represented to consider the matter and to submit recommendations to the two governments." I imagine this would cover such things as products being shipped into this country in jute packages where the jute might be second-hand, and such like. Has the minister in his docket a note upon which he might enlarge and tell us who the technical experts on this committee are likely to be? Will they be officers within the departments or people drawn from scientific organizations?

Mr. DUNNING: It has not been necessary to invoke the provision as yet, but each country, I think, would decide for itself.

Mr. HARRIS: Countries that have trouble with the foot-and-mouth disease—I am not referring to the United States at the moment—cannot ship goods to this country except under certain regulations. That applies to Scotland at the present time, and it has always been a question as to how judgment shall be given, particularly in the matter of animal products of all kinds; so much so that it has been necessary to send from London, England, to places like Scotland, a special representative of the dominion government to examine the product and give a certificate that the goods are of a class or kind that might be approved and sent through to Canada. The entire plant where the goods are being manufactured is inspected and checked by an official of this dominion government, who is sent at the expense of this government from London to Scotland to examine the entire plant, and a certificate is required from this dominion official that the goods are such as might be shipped in here without let or hindrance. The question I wish to ask is whether the technical experts, in the case of shipments from the United Kingdom, will be from the high commissioners' office. Whether or not they are qualified to pass judgment is another matter.

Mr. DUNNING: I would point out that there is no such provision in the United Kingdom agreement as is contained in section 3 of article XV of this treaty.

Mr. HARRIS: But this is a particular provision now being made. I come back to my question: Who would the technical experts be?

Mr. DUNNING: Each government would be responsible for appointing its own to deal with the particular case as it arises; but remember the decision of the technical experts is not final. The decision of each government

with respect to the matter still remains, but this does provide a means of endeavouring to negotiate a way out of a difficulty which arises through sanitary or other regulations for the protection of animal or plant health or life. My hon. friend is thinking, and quite properly, of cases where apparently such regulations have been used to create a prohibition, always a difficult matter. There is no machinery in the United Kingdom-Canada agreement to deal with that. We have to appeal to them as a friendly co-member of the British commonwealth of nations to hear us on the matter. But in this agreement we have tried to set up machinery whereby there can be a technical examination of the merits and a report by such a committee to both governments.

Mr. HARRIS: I appreciate that, and that is the reason I brought up the point. I want to find out what kind of machinery this is going to be, because the minister will agree that it is something new.

Mr. DUNNING: The same provision was in the 1935 agreement with the United States.

Mr. HARRIS: Has it ever functioned?

Mr. DUNNING: We never had occasion to use it.

Mr. HARRIS: If you had, what sort of machinery would it be?

Mr. DUNNING: It would depend upon the particular nature of the disagreement. For instance, if it were something connected with animal health we would not appoint a man from the Department of Public Health.

Mr. HARRIS: But a man from some one of the departments?

Mr. DUNNING: We can get someone from outside if we wish. The government is quite free to do what it wishes in the matter. I cannot say in advance just who it would be.

Article agreed to.

On article XVI:

The provisions of this agreement relating to the treatment to be accorded by Canada and the United States of America, respectively, to the commerce of the other country shall apply, on the part of the United States of America, to the continental territory of the United States and such of its territories and possessions as are included in its customs territory on the day of the signature of this agreement. The provisions of this agreement relating to most-favoured-nation treatment shall apply, however, to all territories under the sovereignty or authority of the United States of America, other than the Panama canal zone.

Article agreed to.

On article XVII:

Except as otherwise provided in article V of this agreement:

(a) Nothing in the agreement shall entitle the United States of America to claim the benefit of any treatment, preference or privilege which may now or hereafter be accorded by Canada exclusively to territories under the sovereignty of His Majesty the King of Great Britain, Ireland and the British dominions beyond the Seas, Emperor of India, or under his majesty's protection or suzerainty.

(b) Nothing in the agreement shall entitle Canada to claim the benefit of any treatment, preference or privilege which may now or hereafter be accorded by the United States of America, its territories or possessions or the Panama canal zone exclusively to one another or to the republic of Cuba. The provisions of this subparagraph shall continue to apply in respect of any benefits now or hereafter accorded by the United States of America, its territories or possessions or the Panama canal zone to the Philippine islands, irrespective of any change in the political status of the Philippine islands.

Article agreed to.

On article XVIII:

1. The present agreement shall be ratified by His Majesty the King of Great Britain, Ireland and the British dominions beyond the Seas, Emperor of India, in respect of Canada, and shall be proclaimed by the President of the United States of America. It shall enter definitively into force on the day of exchange of the instrument of ratification and a copy of the proclamation, which shall take place at Ottawa as soon as possible.

2. Pending the definitive coming into force of this agreement, the provisions of article IX shall be applied provisionally on and after the day following the proclamation of the agreement by the President of the United States of America, and the provisions of article I, article VI and article VII shall be applied provisionally on and after January 1, 1939, subject to the reservations and exceptions elsewhere provided for in this agreement.

3. Upon the provisional application of article I, article VI and article VII of the present agreement, and during the continuance of such provisional application, the provisions of article I, article III and article IV of the trade agreement concluded between Canada and the United States of America on November 15, 1935, at Washington, shall be inoperative, and upon the definitive coming into force of the present agreement the whole of the said agreement of November 15, 1935, shall terminate.

4. Subject to the provisions of article X and article XIII, this agreement shall remain in force for a term of three years from the date of the provisional application of article IX, and, unless at least six months before the expiration of the aforesaid term of three years the government of either country shall have given notice to the other government of intention to terminate the agreement upon the expiration of that term the agreement shall remain in force thereafter, subject to the provisions of article X and article XIII, until six months from the date on which the government of either country shall have given notice to the other government of intention to terminate the agreement.

Article agreed to.

On the preamble.

Mr. MacNICOL: I should like to make one or two observations before the preamble carries.

Mr. DUNNING: If I might make a suggestion to my hon. friend, I think that on the second reading of the bill there will be a better opportunity for him to make general observations. That is where such discussion would normally occur.

Mr. MacNICOL: Thank you.

Resolutions reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 64, respecting a certain trade agreement between Canada and the United States of America.

Motion agreed to and bill read the first time.

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

Wednesday, March 29, 1939

The house met at three o'clock.

REPORTS OF COMMITTEES

CIVIL SERVICE SUPERANNUATION ACT—CONCURRENCE IN SECOND REPORT

Mr. MALCOLM McLEAN (Melfort) presented the second report of the special committee appointed to inquire into the operation of the Civil Service Superannuation Act, and moved that the report be concurred in.

Motion agreed to.

MARINE AND FISHERIES—CONCURRENCE IN FIRST REPORT

Mr. A. E. MacLEAN (Prince) presented the first report of the standing committee on marine and fisheries, and moved that the report be concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

SUSPENSION OF STANDING ORDER 28 TO PERMIT STATEMENT ON FOREIGN AFFAIRS ON MARCH 30

On the order for motions:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the house will remember that the other day I stated that I hoped to be able to make a statement on foreign affairs to-morrow. I am prepared to make that statement, and would like to do so on the motion to go into committee of supply on the estimates of the Department of External Affairs, which have not yet been called. Thursday is a day upon which His Honour the Speaker leaves the chair without any question being put, and if I am to have the opportunity of making a statement in the manner I have suggested, which I imagine would best meet the convenience of the house, it will be necessary to obtain the unanimous consent of the house to suspend standing order 28. With the consent of the house, therefore, I move:

That standing order 28 be suspended in relation to the committee of supply with respect to the sittings of this house on Thursday and Friday the 30th and 31st March, 1939.

Mr. WOODSWORTH: May I ask the Prime Minister if opportunity will be afforded for general discussion?

Mr. MACKENZIE KING: The procedure adopted last year, and in previous years, was to have a statement made in the first instance by the Secretary of State for External Affairs while His Honour the Speaker was in the chair, and then have the debate proceed with the Speaker in the chair. When the debate concludes we will then go into committee on the estimates of the Department of External Affairs, at which time detailed discussion can take place, as it always does, in the form of questions and answers.

Mr. WOODSWORTH: It could run right over if necessary?

Mr. MACKENZIE KING: Yes.

Mr. H. G. CLARKE (Rosedale): Mr. Speaker, the Prime Minister (Mr. Mackenzie King) has stated that to-morrow he will discuss external affairs. Could he give the house any information as to conditions in Europe, as the Toronto *Telegram* of last night reports thirty-four members of the British House of Commons calling for an all-party government to start mobilization—

Some hon. MEMBERS: Order.

Mr. CLARKE (Rosedale): —of the nation's wealth, man-power and industry, in preparation for any emergency?

Mr. SPEAKER: I think that is a question which may stand until to-morrow, when the debate will take place.

Mr. MACKENZIE KING: I understand the hon. member's question is with regard to conditions in Europe. I hope to have a good deal to say on that subject to-morrow.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GRIMSBY, ONT., RIFLE RANGE

Mr. LOCKHART:

1. What property was acquired by the dominion government in connection with the Grimsby rifle range?

2. From whom was such property purchased, and what price was paid to each individual?

3. Has any of such property been subsequently leased?

4. If so, to whom, for what period and at what price?

Mr. MACKENZIE (Vancouver):

1. Parts of lots 21 and 22 in the township of North Grimsby, county of Lincoln, province of Ontario, containing 116·76 acres.

2.

	Price paid
D. R. McIntyre.....	$40,000
Percy Acres	39,000
Jessie & J. A. Biggar.....	19,000

3. Temporary licences were granted for the season of 1938.

4.

	Rental
D. R. McIntyre, from July 1 to December 31, 1938	$200.00
Percy Acres, from July 1 to December 31, 1938	250.00
J. A. Biggar, from July 1 to December 31, 1938	102.00

GOLD RESERVES AND CURRENCY

Mr. ROSS (St. Paul's):

1. By what amount, if any, have the gold reserves of the Bank of Canada been increased since October 15, 1935?

2. By what amount, if any, has the currency of the dominion and of the chartered banks, including the Bank of Canada, been increased since October 15, 1935?

3. By how much, if any, have the gold reserves of the United States, including banks, been increased since October 15, 1935?

4. By how much has the currency of the United States, including currency issued by any American banks, been increased since October 15, 1935?

Mr. DUNNING:

Note.—Statements of liabilities and assets of the Bank of Canada are submitted to the Minister of Finance as at each Wednesday and as at last business day of each month. The answers to questions Nos. 1 and 2 are based on the figures shown in the statements for the dates indicated. Under chapter 60 of the statutes of Canada, 1935, the Bank of Canada values its holdings of gold on the basis of the current market price for gold, that is the amount realizable from the sale of gold in London or New York converted into Canadian dollars at the current rate of exchange.

1. Bank of Canada—gold coin and bullion:

October 16, 1935..	$182,074,115 64
March 15, 1939..	201,806,430 96
Increase..	$ 19,732,315 32

2. Note.—It is assumed that in this question "currency" means notes and coins and does not include deposits. Statements of liabilities and assets of the chartered banks are submitted to the Minister of Finance as at last juridical day of each month and the answer to this question is based on the figures shown in the statements of the chartered banks for the dates indicated.

September 30, 1935	
Bank of Canada notes, total amount outstanding..	$ 85,066 837
Chartered bank notes, total amount outstanding..	131,747,122
Subsidiary coin (amount issued to date less withdrawals)..	32,329,798
Total..	$249,143,757

January 31, 1939	
Bank of Canada notes, total amount outstanding..	$161,359,891
Chartered bank notes, total amount outstanding..	90,088,507
Subsidiary coin (amount issued to date less withdrawals)..	35,837,671
Total....	$287,286,069
Increase January 31, 1939, over September 30, 1935..	$ 38,142,312

3. Annual report of the board of governors of the federal reserve system for the year 1935 states that the total gold stock of the United States on September 30, 1935, was $9,368,000,000.

The Federal Reserve Bulletin for March, 1939, states that the total gold stock of the United States on January 31, 1939, was $14,-682,000,000. The increase during the period September 30, 1935, to January 31, 1939, was therefore $5,314,000,000.

4. The same sources state that United States money in circulation (money outside treasury and federal reserve banks) was $5,683,000,000 on September 30, 1935, and $6,653,000,000 on January 31, 1939, or an increase of $970,000,000.

RIDING MOUNTAIN NATIONAL PARK—LIGHTING PLANT

Mr. CLARKE (Rosedale):

1. What revenue was recei ed in each of the years 1937 and 1938 by Riding Mountain national park, Wasagaming, Manitoba, from their lighting plant, from the following sources: (a) cottage owners; (b) stores; (c) hotels; (d) garages, or any other sources other than government buildings, street lights, etc.?

2. What amounts were paid for light supplied to the park's office, for street lights, government buildings, etc., during each of the years 1937 and 1938?

Mr. CRERAR:

1. Fiscal year 1936-37, $2,296.36; (a, b, c, d) fiscal year 1937-38, $2,908.79.

(Note.—No separate record is kept of the electric consumption under the headings asked for).

2. Amount credited to system for power used for street lighting which is at the same net rate as large consumers. Fiscal year 1936-37, $536.04; fiscal year 1937-38, $915.75. Amount credited to system for power used for government buildings, which is at the same net rate as large consumers.—Fiscal year 1936-37, $1,027.26; fiscal year 1937-38, $936.18.

NEW YORK WORLD'S FAIR—CANADA BUILDING

Mr. WALSH:

1. What is the estimated cost of the Canada building being erected at the World's Fair, New York?

2. Who is the general contractor engaged to do this work?

3. How much lumber will be used in this building?

4. What is the cost of such lumber?

5. Was this lumber purchased in Canada?

6. If so, from whom was it purchased?

7. Was Canadian material and furnishings definitely specified, as far as possible, in the contract?

Mr. EULER:

1. $128,893.

2. L. G. Ogilvie & Co., Ltd., Montreal.

3 and 4. Information not available.

5 and 6. Answered by 7.

7. Yes.

SAINT JOHN RIVER FISHERY GUARDIAN

Mr. BROOKS:

1. Has the Department of Fisheries appointed a fishery guardian for that section of the Saint John river between Grand falls and Green river?

[Mr. Dunning.]

2. If so, who is the appointee, and how was he appointed?

3. At what remuneration?

4. What are the reasons for his appointment, and what are the duties?

Mr. MICHAUD:

1. Yes.

2. Herbert Corbin. By ministerial authority.

3. $2.50 per day for 3½ months.

4. Protection of trout fishery by patrolling area named, which is on the international boundary between the state of Maine and the province of New Brunswick.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CONSTRUCTION OF HIGHWAYS IN WESTERN PROVINCES

Mr. HAYHURST:

1. What was the total amount granted by the federal government for the construction of highways in each of the four western provinces for the years 1934, 1935, 1936, 1937 and 1938?

2. What was the total amount loaned by the federal government for highway construction in each of the four western provinces for the years 1934, 1935, 1936, 1937 and 1938?

RELIEF, SEED GRAIN AND FEED GUARANTEES IN WESTERN PROVINCES

Mr. HAYHURST:

1. What was the total amount granted by the federal government in the way of relief to each of the four western provinces during the years 1934, 1935, 1936, 1937 and 1938?

2. What was the total seed grain, and feed guarantees for each of the prairie provinces for the years 1934, 1935, 1936, 1937 and 1938?

MOTIONS FOR PAPERS

RADIO BROADCASTING—PROGRAMS SPONSORED BY QUEBEC BREWERIES OR WINERIES

Sir EUGENE FISET (for Mr. Gauthier):

For a copy of all correspondence, letters, telegrams and other documents exchanged between the government, the Canadian Broadcasting Corporation and any other persons, associations, provincial governments or others with respect to radio programs sponsored by breweries or wineries in the province of Quebec.

Mr. HOWE: I should like this motion to stand until the hon. member is here.

Motion stands.

ORDER IN COUNCIL NO. 571

Mr. PELLETIER:

For a copy of order in council number 571, dated March 2, 1932.

Mr. PELLETIER: I have searched for this order in council, have succeeded in finding it, and have had copies of it made. With the permission of the house I ask leave to withdraw the motion.

Motion withdrawn.

CANADA TEMPERANCE ACT—REFERENCE TO COURTS

Mr. FARQUHAR:

For a copy of all letters, telegrams, resolutions or other documents exchanged between the government of Canada, the Minister of Justice, or any official of the government of Canada, and the government of the province of Ontario, the attorney general, or any official of the government of the province of Ontario, regarding the question of submitting to the courts the Canada Temperance Act in order to determine the constitutionality of that act and to determine also whether it is still in effect in the counties of Huron, Perth, Peel and the district of Manitoulin island.

BUSINESS OF THE HOUSE

EASTER ADJOURNMENT

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

That when this house adjourns on Thursday, 6th April, it stand adjourned until Tuesday, 11th April, 1939.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I wonder if the Prime Minister could be persuaded to give us another day. Some of us are not able to get away at week-ends; a number of us have not been home for three months, and unless the Minister of Transport (Mr. Howe) will provide us with aeroplane services I am afraid that in four days it would be quite impossible to take a trip even as far as Winnipeg and back. One more day would be a good deal of help, if it could be so arranged.

Some hon. MEMBERS: No.

Some hon. MEMBERS: Yes.

Mr. MACKENZIE KING: I have every disposition to oblige the hon. member if it is going to help to oblige other hon. members as well. I think there is reasonableness in the request he makes, and I certainly would not oppose giving an extra day, if the house generally is prepared to concede it.

Mr. STEVENS: What about the rest of us who live farther away?

Mr. MACKENZIE KING: Well, you will have to stay here.

Mr. STEVENS: That is not much comfort.

Mr. MACKENZIE KING: I should be prepared to amend the motion so that it would read:

That when this house adjourns on Wednesday, 5th April, it stand adjourned until Tuesday, 11th April, 1939.

Some hon. MEMBERS: No.

Mr. MACKENZIE KING: Well, I suggest that the motion stand so as to permit the whips to confer. If they can come to an agreement between now and to-morrow, I will put my motion to-morrow afternoon in accordance with the terms of their agreement. If they do not come to an agreement, I shall use my own discretion as to the motion to be put.

Motion stands.

TRADE AGREEMENTS

CANADA-UNITED STATES—APPROVAL OF AGREEMENT SIGNED AT WASHINGTON, NOVEMBER 17, 1938

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 64, respecting a certain trade agreement between Canada and the United States of America.

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

Mr. MACKENZIE KING: Is this the motion for second reading? I understand some hon. members wish to speak on it.

Mr. DUNNING: Several hon. members yesterday suggested to me that they wished to speak, and inquired as to the proper time, and I said it would be on second reading.

Mr. MANION: Your members, or ours?

Mr. DUNNING: No, across the way. I do not wish to have anyone taken by surprise.

Some hon. MEMBERS: Question.

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

YEAS

Messrs:

Ahearn	Bradette
Beaubien	Brasset
Bercovitch	Brunelle
Bertrand (Prescott)	Cameron
Bertrand (Laurier)	Cardin
Blackmore	Chevrier
Blair	Clark (Essex South)
Bonnier	Clark (York-Sunbury)
Bothwell	Cochrane
Bouchard	Coldwell
Boulanger	

Coté
Crerar
Crète
Davidson
Deachman
Denis
Deslauriers
Donnelly
Douglas (Queens)
Douglas (Weyburn)
Dubois
Dubuc
Dunning
Dupuis
Dussault
Elliott (Kindersley)
Emmerson
Evans
Factor
Fafard
Fair
Farquhar
Ferguson
Ferland
Ferron
Finn
Fiset (Sir Eugène)
Fleming
Fournier (Hull)
Francœur
Gauthier
Girouard
Gladstone
Glen
Golding
Gosselin
Hamilton
Hansell
Hanson
Hartigan
Hayhurst
Heaps
Hill
Howard
Howden
Howe
Hurtubise
Hushion
Ilsley
Isnor
Jaques
Jean
Johnston (Bow River)
Johnston (Lake Centre)
Kennedy
King, Mackenzie
Kinley
Kirk
Kuhl
Lacombe
Lalonde
Landeryou
Lapointe (Quebec East)
Leader
Little
McAvity
McCallum
McCann
McCulloch
McDonald (Pontiac)
McDonald (Souris)
McIntosh
McIvor
McKenzie (Lambton-Kent)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Melfort)
MacLean (Prince)
MacNeil
McNevin (Victoria, Ont.)
McNiven (Regina City)
McPhee
Mallette
Marshall
Martin
Matthews
Maybank
Mayhew
Michaud
Motherwell
Mullins
Mulock
Mutch
Needham
Neill
O'Neill
Parent (Terrebonne)
Patterson
Pelletier
Pinard
Plaxton
Pottier
Power
Purdy
Quelch
Reid
Rennie
Rhéaume
Rinfret
Robichaud
Rogers
Ross (Middlesex East)
Rowe (Athabaska)
Sanderson
Sylvestre
Taylor (Nanaimo)
Taylor (Norfolk)
Telford
Thauvette
Thorson
Tremblay
Tucker
Turgeon
Turner
Veniot
Vien
Ward
Warren
Weir
Winkler
Wood
Woodsworth
Young—158.

[Mr. Dunning.]

NAYS

Messrs:

Anderson
Baker
Brooks
Brown
Cahan
Church
Clarke (Rosedale)
Esling
Graydon
Green
Harris
Homuth
Hyndman
Lawson
Lennard
Lockhart
McGregor
MacNicol
Manion
Marsh
Massey
Perley
Ross (St. Paul's)
Spence
Stevens
Stewart
Stirling
Thompson
Tustin
Walsh
Wermenlinger
White—32.

PAIRS

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

Messrs:

Gardiner — Senn
Lacroix (Beauce) — Rowe (Dufferin-Simcoe)
Gray — Casselman
McGeer — Héon
Tomlinson — Black (Mrs.) (Yukon)
Euler — Barber

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Sections 1 to 6 inclusive agreed to.

On the schedule:

Mr. DUNNING: There is just one schedule. The schedule is the whole of the trade treaty and has already been dealt with in committee of ways and means.

Schedule agreed to.

Bill reported, read the third time and passed.

NATIONAL DEFENCE

CREATION OF DEFENCE PURCHASING BOARD TO ENTER INTO CONTRACTS FOR MUNITIONS, EQUIPMENT, MATERIALS AND SUPPLIES

The house resumed from Thursday, March 16, consideration in committee of Bill No. 38, to establish a defence purchasing board—Mr. Mackenzie (Vancouver)—Mr. Sanderson in the chair.

On section 4, subsection 4—Tenders.

Mr. MACKENZIE (Vancouver): There was some discussion, hon. members will recall, with regard to subsection 4, following the word "otherwise." This is the subsection which begins:

In respect of all contracts, the board shall, wherever practicable, invite tenders either by means of advertisements in the public press or otherwise.

There was some suggestion of an objection based on the possibility of tenders being invited without giving full scope to the element of competition. In order to meet that objection, the following amendment has been suggested:

That subsection 4 of section 4 of the bill be amended by adding thereto after the word "otherwise" in line 41 of page 3 the following words "it shall be the duty of the board to ensure that tenders in respect of any contracts for the purchase of any defence equipment produced or manufactured in Canada or for the construction of any defence project are invited from every person in Canada believed by the board to be capable of performing the contract, unless for reasons of military secrecy or for other good and sufficient reasons the board is of the opinion that it is not in the public interest to invite tenders in this way."

Mr. DUNNING: I move that amendment.

Mr. BAKER: According to what was passed in an earlier paragraph, should that not read, "in respect of all contracts amounting to less than $5,000?"

Mr. MACKENZIE (Vancouver): That was disposed of.

Mr. BAKER: Should that not also be inserted here?

Mr. MACKENZIE (Vancouver): No. This deals only with the question of public tenders. Some objection was raised in committee to limiting the possibility of public tenders, and this amendment is designed to meet that objection. It qualifies the powers in regard to the definition of the word "otherwise."

Mr. STIRLING: There will be a full stop, then, at the end of the first sentence and this will be another sentence?

Mr. MACKENZIE (Vancouver): Yes.

Mr. McGREGOR: How are these manufacturers to be notified of tenders being called? Through public advertisement?

Mr. MACKENZIE (Vancouver): That will be, of course, within the full competence and jurisdiction of the board. They will obtain a full list of those who are competent to tender, and those will be notified directly. Where it is not done by advertisement in the public press, it will be done, I assume, by correspondence from the board.

Mr. McGREGOR: What I want to know is, is it left to the board to say who shall tender and who shall not tender?

Mr. MACKENZIE (Vancouver): The board is given discretion. Public tenders shall be resorted to in every practicable case; but where there are special reasons for not calling for tenders, it will be within the discretion of the board not to call for tenders.

Mr. GREEN: This amendment, I think, illustrates the importance of having on the board adequate representation, particularly from the more remote parts of Canada. Incidentally, this is not the only provision which will work satisfactorily only if there is such representation. There are several other clauses to which the same consideration applies. The other evening, when the bill was up for discussion in committee before, I understood the minister to say it was the intention of the government that the members of the board should reside in the neighbourhood of Ottawa.

Mr. MACKENZIE (Vancouver): Oh, no.

Mr. GREEN: By reason of the Trans-Canada Air Lines, British Columbia is now as near Ottawa as is Toronto. I would ask the minister to bear that in mind. Speaking seriously, these powers of the board can be properly exercised only if the board is representative of different parts of Canada. Consider, for example, section 6, giving the board power to supervise the carrying out of contracts; section 8, paragraph (a), giving it power to inquire as to defence requirements; and section 8, paragraph (c), giving it power to conduct a survey of industrial plants.

I would point out to the minister that British Columbia is probably more directly interested in this defence problem than any other part of Canada. We are concerned particularly with the defence requirements and with the carrying out of defence contracts. Many contracts have been let on the Pacific coast, and there will be many more in carrying out the plans of the government. I would also point out that British Columbia ranks as Canada's third largest industrial province, so that the matter of an industrial survey in that province is of great importance. I should like to have some assurance from the minister that there will be on this board representation from our province.

Mr. MACKENZIE (Vancouver): I can assure my hon. friend that every possible consideration will be given his recommendations, but I should not like to bind myself by undertaking any geographical representation on the board. The decision in the matter will be for the government as a whole and not for the Minister of National Defence.

Amendment agreed to.

Subsection as amended agreed to.

Section as amended agreed to.

On section 6—Board to supervise carrying out contracts.

Mr. MACKENZIE (Vancouver): There was an objection from the hon. member for Kootenay East (Mr. Stevens) to the word "supervise." The suggestion is now that section 6 be struck out and another section substituted, very largely to meet the point raised by the hon. gentleman. The amendment will read:

That section 6 of the bill be struck out and the following substituted therefor:

"6. It shall be the duty of the board to take such steps as shall reasonably ensure that contracts entered into pursuant to the provisions of this part are performed in accordance with their respective terms.

Mr. DUNNING: I move that amendment.

Mr. CAHAN: I suggest that "steps" is not the best term to use.

Mr. STEVENS: "Measures."

Mr. CAHAN: "Measures" is better. What it certainly means is that this board must provide a thorough inspection and supervision during the performance of these contracts, and I think the word "measures," as the hon. member for Kootenay East suggests, is a wider term.

Mr. DUNNING: I move that the word "measures" be substituted for "steps" in the amendment.

Mr. STIRLING: Does the minister propose to elaborate on that at all? Does he propose to add to section 8?

Mr. MACKENZIE (Vancouver): I have considered carefully the observations made by my hon. friend in regard to section 8. After considering the matter, I came to the conclusion that this amendment, based upon the observations of the hon. member for Kootenay East, will largely meet the views of the hon. member for Yale (Mr. Stirling) with regard to section 8. If, however, the hon. member thinks the amendment does not meet his views, I shall be glad to defer further consideration of section 8, although the opinion we arrived at was that this amendment, changing the word "supervise" in section 6, would largely meet the objections of the hon. member with regard to section 8. For that reason no amendment is at present proposed to section 8.

Mr. STIRLING: It appears to me to be most desirable that the board should make use of the technical officers of the Department of National Defence for the purpose of this very examination, and in the wording of section 6 as amended, and in section 8 as it is printed, no such connection is alluded to.

[Mr. I. A. Mackenzie.]

Mr. MACKENZIE (Vancouver): Does my hon. friend still think there should be an addition to section 8, even in view of the amendment to section 6?

Mr. STIRLING: I simply wish to ensure there shall be a clear understanding that the board shall make use of the services of the technical officers of the department for this very work of supervision. If the minister can assure me that that is the full intention of the government, perhaps the committee will consider that satisfactory.

Mr. MACKENZIE (Vancouver): That is precisely the purpose of the amendment.

Mr. CAHAN: This board is not independent of the department. It is under the Minister of National Defence and is, in reality, nothing more than an official of the department, and therefore it must be deemed essential, I think, that whatever the department has in the way of technical knowledge and assistance must continue to be utilized to serve the interests of that department and, incidentally, to meet the special requirements of the board. I would certainly oppose this bill entirely if it were intended to set up an independent board or bureau, such as the Canadian Broadcasting Corporation, or some others which I might name. We do not wish to repudiate responsible self-government in this country and to preclude ministerial responsibility. I have expressed myself very freely in that regard, and I shall not go into the question to-day. I do not think the Department of National Defence is under competent and qualified administration, and this bill is intended to improve the administration; but I trust that we do not intend to improve the administration by depriving it of all authority and resorting to an independent bureau which is not under the direct supervision of the minister of that department.

Mr. WALSH: I wanted to say a few words along lines similar to those followed by the hon. member for St. Lawrence-St. George. I have watched the progress of this bill and have given it a certain amount of study, and it seems to me that we are transferring powers to a new creation referred to in general terms as the board. To my mind we are departing seriously from democratic government and democratic institutions as we recognize them in this country; we are providing ways and means for a Minister of National Defence and for a government to take refuge behind a certain creation, and members of parliament and others will find it difficult to obtain information and attach responsibility to the people who are really responsible. I know I

was rather severe in my criticism of the present Minister of National Defence and of his department, and I was sincere in that criticism, but I do not think the means being adopted in this bill will meet the real objections that I had to procedures that have been followed in the Department of National Defence in the past year or two.

We cherish our democratic institutions, and I submit that this is a decided departure from those institutions. We are creating something here that is not a part of our social and economic fabric as we have endeavoured to develop it during the past fifty or one hundred years. This board is being given certain powers which I think should rest with the Minister of National Defence, with his department and with the government. I am speaking now as an individual member; I know many of those on my own side of the house will not agree with what I am saying. But I am a firm believer in democratic principles in government, and in the responsibility of ministers of the crown in the administration of their departments, and I feel that to transfer powers such as these from the minister and his department to this board will make it more difficult for members of parliament effectively to represent their constituencies. I do not know whether I am right or wrong in that, but that is how I feel. I have discussed this matter with other members on both sides of the house, and have found that there are members who feel very much as I do. Probably they will not express themselves as I have, perhaps I am wrong in so doing, but I have had this growing conviction and I feel that I should give utterance to it while the bill is going through. I understand that section 7 has been passed, but if you will refer to it you will notice that one of the powers given to this board—

Mr. MACKENZIE (Vancouver): We are coming back to section 7 later.

Mr. WALSH: I will mention this in passing in order to avoid the necessity of rising later on; I do not like to take part too frequently in the discussion in the house nor do I wish to delay measures which are going through. Section 7 refers to the five per cent profit on the average amount of capital employed in the performance of the contract. That is one responsibility we are placing on this board; it has to decide the amount of capital employed, in connection with which there are bound to be differences of opinion. The board is to be clothed with certain authority to decide. In the first place—I know I will be condemned by many hon. members for saying this—I do not think the wheels of industry in this country can turn on five per cent per annum. I am thoroughly convinced of that; and I do not think it is fair to ask industry to operate effectively on five per cent per annum.

Mr. HEAPS: What should they get?

Mr. WALSH: A reasonable profit.

Mr. HEAPS: What is a reasonable profit?

Mr. WALSH: What they are making from day to day in business. If my hon. friend has been in business, or knows anything about business, he knows what is a reasonable profit.

Mr. LANDERYOU: Are the farmers making five per cent?

Mr. WALSH: The farmers are making five per cent, ten per cent and twenty per cent as and when they can make it, the same as business does.

Some hon. MEMBERS: No.

Mr. WALSH: If you take the average for a period of ten or fifteen years you will find that the farmer makes as much profit on his investment and his work as business has made during the past ten or fifteen years.

Some hon. MEMBERS: Read the records.

Mr. WALSH: The records are there. We have heard so much in this house about the farmers, particularly the farmers of the west—

The CHAIRMAN: I am afraid the hon. member is getting out of order.

Mr. WALSH: I know, Mr. Chairman, I was led out of order. I should like an opportunity to discuss farmers and business some day.

The CHAIRMAN: I am sorry, but not under this section.

Mr. WALSH: Very well. I just want to emphasize to the minister that we are departing from democratic principles; we are departing from the responsibility of the crown and the responsibility of ministers. Then in connection with section 7 I wanted to raise my voice in protest against limiting the profit to five per cent. I do not think it is sufficient to permit industry to carry on effectively and give the work we expect it to give those who are employed.

Mr. DUNNING: I should like to say just a word with respect to that portion of the hon. member's remarks which bear upon the section now under discussion. At the moment I need not refer to what he said in regard to section 7; we can leave that until we reach

the section. With regard to democratic responsibility and the possibility of the evasion of ministerial responsibility through and by means of the creation of this board, may I point out to the hon. member that every contract let by this board must be let with the approval of the governor general in council, on the recommendation of the Minister of Finance. This means that whether he likes it or not the Minister of Finance must take the responsibility of recommending to the governor general in council the awarding of a contract which has been recommended to him by the purchasing board. I do not think that is a departure from responsible government; in fact I feel it to be a very great intensification of responsible government, at least as far as the Minister of Finance is concerned. The bill also provides that if the board deems a certain course desirable in connection with a certain piece of business, such as calling for tenders and so forth, it must report to the Minister of Finance, who must inform his colleagues.

I can assure my hon. friend that the chain of responsibility exists; that it is very definite and, moreover, it ensures responsibility to this parliament, because the only thing that occurs to me in connection with which the government could plead public interest as a reason for not informing the house of the details of every contract and every order in council, would be wholly in connection with works of secrecy such as details of fortifications and that sort of thing. I cannot conceive of any other matter of public interest which would debar this house from obtaining full information with regard to the activities of the board; because, as I say, when those activities are translated into contractual form it must be done by means of an order in council on the recommendation of the Minister of Finance.

Mr. WALSH: Is there any set-up in connection with our government at the present time that is at all analogous to the proposed board?

Mr. DUNNING: I do not know that there is anything at the moment; the war purchasing commission during the war and the purchasing commission of Canada after the war are the nearest parallels that occur to my mind. I do not know of anything that has just the precise chain of board and ministerial responsibility contemplated by this legislation.

Mr. CAHAN: Mr. Chairman, I would like to place it on record that I think the change which has been outlined by the Minister of Finance is a reprehensible one which should not be endorsed by parliament. The Minister of Finance has a great number of departments under him now. He has more departments under him than I think any man in his position can have the physical strength and the mental and intellectual activity to deal with properly. Now, simply because the Minister of National Defence has been found by a commission to be not quite qualified for the administration of a measure such as this—

Mr. MACKENZIE (Vancouver): I rise to a point of order, Mr. Chairman; I ask that that remark be withdrawn.

Mr. CAHAN: I am in order.

The CHAIRMAN: I think the point raised by the Minister of National Defence is well taken. The hon. member for St. Lawrence-St. George is an old parliamentarian, and I am sure he will withdraw.

Mr. CAHAN: I was simply stating that this board, which should be a branch of the Department of Defence, is for some reason transferred by this bill to the Minister of Finance and is placed more directly under his control. The Minister of Finance must know that I have a high appreciation of his intellectual and physical abilities, under ordinary circumstances, but I suggest he is quite incapable of attending to this additional work of administration. It is quite unnecessary that it should be transferred to him.

I believe I am in order when I say that the Department of National Defence should be so carefully organized that it can administer the work of national defence and all contracts collateral thereto. Of course the government must be responsible. The Minister of Public Works is responsible for public works; yet the contracts he places are brought by him, with his recommendation and that of his engineers and other officers, to the attention of the government, and his official acts are authorized by order in council. But if I may say so the governmental responsibility exercised by order in council is by way of a supervisory function, after the Minister of Public Works has made his recommendation, and an authorization is given upon that recommendation.

I dislike the change, and I do not think it should be made. If we become engaged in war—and we must trust providence that war will not ensue—the Minister of National Defence ought to be in the primary responsible position. The Minister of Finance will find that he is so absorbed in his own work that he will have no time to assume these further responsibilities.

Let us deal with the matter now. For the sake of the country let us deal fairly with it. If we are to have a department of national defence let that department assume the

responsibility which the Minister of Finance proposes to assume under the bill. Of course the Minister of Finance will have to be consulted by the ministers of various departments. He must be consulted in connection with all appropriations for public works or for assisting the provinces in dealing with the provincial matters. He must be consulted by his colleagues in charge of the various departments. He will have to be consulted now with regard to the expenditures of the Department of National Defence, and as to the necessity or expediency of such appropriations being voted from time to time. But do not let us take the foolish initiative of transferring to another department matters which fundamentally are duties of the Department of National Defence, especially when we know that no one man charged with the administration of the Department of Finance can really and effectively undertake the additional work which is being imposed upon him, and especially if we are to face the active defence of our country.

Mr. MACKENZIE (Vancouver): One would have thought from the remarks of the hon. member for St. Lawrence-St. George that in this legislation we are establishing a new principle. I do not suppose he did me the credit of reading the remarks I made on the second reading of the bill. Had he done so he would have found that I said clearly that there are two precedents for this legislation. One was the War purchasing commission and the other was the purchasing commission of Canada. In the one instance the commission reported directly to the Prime Minister, and in the other it reported to the Minister of Finance. There is in this legislation no departure in principle. It does not represent any abrupt breaking of precedent. I believe that the joint responsibility shared by the Minister of National Defence, the Minister of Finance and, as with regard to taxing powers, the Minister of National Revenue—if indeed taxing powers are necessary under the legislation—constitutes a perfect form of administrative responsibility. I do not know whether the hon. member was a member of the House of Commons when the former legislation was placed on the statute book.

Mr. CAHAN: I was not a member of the house.

Mr. MACKENZIE (Vancouver): But my hon. friend is conversant with Canadian public affairs. I am surprised that he did not know that there is no breach of precedent in regard to this legislation. We are following what has been done in the past in regard to ministerial responsibility. I do not think the raising of any constitutional or technical point will interfere with the functioning of the proposed board, which is supposed to carry out in the very best way and in the public interest the heavy and onerous responsibilities with which it is to be charged.

Mr. CAHAN: This board is to act as a branch of the ordinary administration of the Department of National Defence; that is its function. It is true that when we were at war and enormous contracts had to be entered into, special provision was made with respect to them in certain orders in council which now form a large volume, and some of which I helped to draft. If unhappily we become involved in a war, we shall again, no doubt, have to resort to such war measures. But at the present time it is not necessary to resort to the War Measures Act, or to any phantom war measures act such as we have here. It is a measure to overcome a certain political difficulty which we have seen discussed in the press and otherwise.

Some hon. MEMBERS: No, no.

Mr. CAHAN: At least, Mr. Chairman, I can refer to it in that respect. I do not wish to discuss the matter at greater length, further than to say that I am opposed to it, even though I have only one vote.

Mr. McIVOR: I may feel like a small boy when I am discussing a question of this kind, but I must say I congratulate the Minister of National Defence upon trying not to hold all the power in his own hands. People in the north of Ireland say that two heads are better than one. Four heads must be better than two, and certainly must be better than one—much better. I commend the minister for his wisdom. If there were a member on the board from Vancouver, another from Alberta, another from Quebec, another from Ontario, two or three from the maritimes, and one more from Fort William, they would have far more wisdom than there possibly could be in one head. Certainly the minister is to be commended for his democratic action in this regard.

Mr. WALSH: There is one further point I should like to make, and I know the Minister of National Defence will not consider I am indulging in personalities. I do feel that this is a departure. The Minister of National Defence should be absolutely in charge of every detail in connection with his department. If this board is to be created,

it should be created within the department. The master general of the ordnance should be directly connected with, if not actually the chairman of, this board; the minister would then be directly responsible. That would be better than to create a somewhat independent board, which apparently is to report its findings to the Minister of Finance, who reports to the cabinet. Why should not the board report directly to the Minister of National Defence?

I am sure that many hon. members feel as I do in this matter. If I were the minister of national defence I would consider it somewhat of a slight on myself if a board, a creature of my department, were to report to another minister of the crown. Probably the present minister does not feel that way; he is happy in his surroundings and knows cabinet and ministerial procedure far better than I. But that is how I should feel personally, and that is why I am expressing this point of view. I should want to be responsible for everything that took place within my department. I should not want any body under me reporting to another minister of the crown, who would then report to the cabinet.

Is there anything of this kind in Great Britain? If there is a board of this nature, to whom does it report, or to whom is it responsible?

Mr. MACKENZIE (Vancouver): The procedure is the same as we are adopting here. All financial contracts entered into in Great Britain are subject to treasury supervision. This is the principle we are endeavouring to establish by this legislation.

Mr. WALSH: Is the board in England an independent board reporting directly to the chancellor of the exchequer or the treasury board, or does it report to the minister of war or the head of the department for which it is making purchases?

Mr. MACKENZIE (Vancouver): As far as my information goes, there is no separate board in Great Britain. I think it is all done by the director of munitions contracts who reports to the treasury officials.

Mr. CAHAN: In England they have a contract branch in the war department which makes the contracts. These contracts are reported to the treasury board. Within certain limits they are under the supervision of the treasury. Here any department making a contract must keep within the limits prescribed by statute, and, to a certain extent, as prescribed or suggested by the finance department. I do not know that it makes very much difference, but I should like to suggest the following wording for the proposed amendment:

It shall be the duty of the board to adopt such measures as it shall deem necessary to ensure that contracts entered into pursuant to the provisions of this part shall be performed in accordance with their respective terms.

There is a slight difference in wording, but I think it is more emphatic.

Mr. DUNNING: It is a matter of draftsmanship.

Mr. CAHAN: I know something about the supervision of contracts of the kind. It requires a large staff of inspectors and there must be careful supervision to see that proper inspection is made before a contract is deemed to be fully performed.

Mr. STIRLING: I come back to the point I made before. It seems to me it would be a good thing to ensure that the technical officers of the department come in on this inspection work, if for one reason only. It would keep them *au fait* with the details of either the production of the munitions or the erection of the plant. It does not matter to me whether this is done by an addendum to this section 6 or by adding another clause to section 8. One can visualize the possibility of friction arising between this board and the department. If these contracts are carried out without inspection by the technical officers of the department they will not be nearly so well informed as to the product of which they are going to make use as they would be if it were produced under their supervision.

Mr. MACKENZIE (Vancouver): I just want to repeat the assurance I gave before. I think the amended section 6, along with the last subsection of section 8, will prove quite ample to carry out what the hon. member has in mind.

Mr. DUNNING: I move that the amendment be adopted in the terms suggested by the hon. member for St. Lawrence-St. George (Mr. Cahan):

That section 6 of the bill be struck out and the following substituted therefor:

"6. It shall be the duty of the board to adopt such measures as it shall deem necessary to ensure that contracts entered into pursuant to the provisions of this part shall be performed in accordance with their respective terms.

Amendment agreed to.

Section as amended agreed to.

Mr. MACKENZIE (Vancouver): We will leave section 7 for the moment. The other

two sections which were not passed at the last sitting were Nos. 17 and 18 in part II of the bill.

On section 17—Governor in council may borrow for capital expenditures.

Mr. LANDERYOU: Section 17 reads:

17. (1) The governor in council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by parliament by any act heretofore passed, raised by way of loan, under the provisions of the Consolidated Revenue and Audit Act, 1931, by the issue and sale or pledge of securities of Canada, in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the governor in council may approve, such sum or sums of money as may be required to provide for the payment or reimbursement of expenditures of the department, which in the appropriations provided by parliament for the department are chargeable to capital account, hereinafter called "the said expenditures."

(2) The principal raised by way of loan under this act and the interest thereon shall be a charge upon and payable out of the consolidated revenue fund.

I have pointed out time and time again that legislation is continually being introduced into this house which increases our debt and the burden of taxation placed upon the people of Canada. I have a question or two which I should like to direct to the Department of Finance, which is headed by a scientific money man. The Department of Finance and the Department of National Defence are to share the responsibility of administering this act. The question I wish to direct to the minister is this: In view of the fact that the national debt of Canada and taxation will be increased by the financial provisions of this bill, just how much further can we go in piling up our national debt? Just what limit does he place upon our ability to carry the debt burden in Canada?

Mr. DUNNING: Mr. Chairman, I must decline to get into a general discussion of monetary principles on the section of a bill which has to do with providing a method of financing a specific undertaking. We could write books about my hon. friend's question, as he and his friends do, but I do not think any book written by myself, developing that subject and expressing my opinions, would be of any really permanent value because all history shows us that nothing shifts more rapidly or more unexpectedly than people's ability to carry their communal financial and economic burdens. All through history we have had the Jeremiahs telling each succeeding generation that the end was coming, there was no hope, the load was too heavy, and so forth. Yet each succeeding generation has evolved methods of carrying that load or of adjusting it. Any dogmatizing by myself or anyone else as to what can or will be done in the future in relation to the debt creating or debt carrying capacity of a people would be merely the wildest of speculation.

Mr. LANDERYOU: Since the minister has stated that he does not intend to define any limit to the amount of national debt and our capacity to bear taxation—

The CHAIRMAN: Order. The hon. member is out of order.

Mr. LANDERYOU: I do not intend to be out of order, Mr. Chairman, but in view of the fact that we are here adding to Canada's national debt, and there is nothing in my opinion that has a greater effect upon every man, woman and child in this country than monetary policy—

The CHAIRMAN: The hon. member must confine his remarks to clause 17, which provides that the governor in council may borrow for capital expenditures. He must not attempt, under this clause, to cover the whole range of expenditures or discuss the whole monetary system.

Mr. LANDERYOU: I am dealing, Mr. Chairman, with the provision that:

The governor in council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by parliament by any act heretofore passed, raise by way of loan, under the provisions of the Consolidated Revenue and Audit Act, 1931, by the issue and sale or pledge of securities of Canada, in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the governor in council may approve, such sum or sums of money as may be required to provide for the payment or reimbursement of expenditures of the department.

We are simply borrowing more money, and I am dealing with the effect that borrowing more money will have upon the tremendous debt burden which we are now carrying. I wish to refer to a statement made by a man who has made a study of this question, a statement by a banker in respect to increasing Canada's total debt.

The CHAIRMAN: The hon. member is still out of order, and I would ask him to confine his remarks to the clause before the committee. I am sorry to have to interrupt him so often, but he must comply with the rules.

Mr. LANDERYOU: Mr. Chairman, in respect to the borrowing of money which this section empowers the government to do, I wish to point out that our ability to pay does not keep pace with our increasing debt. If we compare 1937 with 1927—

Some hon. MEMBERS: Order.

Mr. LANDERYOU: —we find that the annual national income is less by $1,230,000,000.

The CHAIRMAN: I would say to the hon. member that the speech he is attempting to make now might be one he could make on the budget, but he cannot make it on clause 17.

Mr. LANDERYOU: Mr. Chairman, I understand that under this clause we are going to borrow $29,000,000; will that not increase debt and taxation in this country? Most assuredly it will, and if I cannot express my opinion as to the effect of this borrowing upon Canada's economic well-being, then I do not think anybody can be in order in this house.

The CHAIRMAN: The hon. member will have ample opportunity later in the session to discuss that question.

Mr. LANDERYOU: I do not question that, but I am now asserting my right to discuss it on this clause.

The CHAIRMAN: Order. I have made my ruling and I ask the hon. member to abide by it.

Mr. WOODSWORTH: Mr. Chairman, on the point of order, while I have no use whatever for certain monetary theories that are held by certain gentlemen to the left, it does seem to me that the hon. member has the right, under the rules, to discuss the effect of the borrowing for which authorization is sought by this clause. Surely we cannot simply crowd out theories that do not suit us. We should have some sort of fairness in applying the rules of this house, and I think the hon. member can hardly be shut off in this way.

Mr. DUNNING: Just in support of your ruling, Mr. Chairman, and goodness knows I do not want to shut off discussion in the proper place of any monetary theory; but if we are to read the rules as meaning that on any clause of any bill which involves an expenditure of public money, because that expenditure creates a deficit which can be met only by borrowing, it is therefore in order for us to discuss the whole range of governmental finance in the manner contemplated in the budget debate or upon a motion for going into supply on Mondays or Tuesdays or into committee of ways and means on Mondays or Tuesdays—if we are to permit such discussion on any clause of any bill that spends a dollar, then obviously we shall be here forever. It is not that the hon. member for Calgary East (Mr. Landeryou) has not plenty of other opportunities. It is that he is seeking this opportunity to develop a general broad public debt discussion, and I suggest to the hon. member for Winnipeg North Centre (Mr. Woodsworth) that if the rules are to be interpreted in that way we can have that kind of speech on at least every bill involving expenditure that comes before the house. It is simply a question of a reasonable interpretation of the rules, and I am inclined to think that the Chairman is right in his ruling in relation to the clause of the bill we are at present discussing.

Mr. LANDERYOU: The Minister of National Defence in answer to a question which I directed to him the other day as to whether he was in favour of the financial policies to be pursued under this bill, said that he must be in favour of them. What did he mean by saying he must be in favour of them?

Mr. MACKENZIE (Vancouver): *Res ipsa loquitur.*

Mr. LANDERYOU: The Minister of National Defence, who claims to be a sound scientific money man, stated in this house in 1935:

> I suggest the increase of our currency by $430,000,000, which is scientifically justifiable by the appreciation of gold values, to be used for the reduction of our national debt—

Then on another occasion this sound scientific money man has referred to the control by the government of the central bank as the—

The CHAIRMAN: Order. The hon. member must confine his remarks to the item under discussion, or I shall have to ask him to resume his seat. I have made my ruling. He has the privilege, if he so desires, of appealing against my ruling.

Mr. LANDERYOU: I have no desire, Mr. Chairman, to appeal against your ruling, but I will say that the Minister of Finance has adopted the slogan of "Fire and fall back" once and for all; for he fired many volleys for monetary reform before the 1935 election, and he has now fallen back. I should have said, the Minister of National Defence.

Mr. MACKENZIE (Vancouver): I accept the amendment.

Mr. LANDERYOU: He fired volleys for monetary reform before the election of 1935, but since then he has fallen back into the ranks of the reactionary Minister of Finance.

Mr. DUNNING: Mr. Chairman, on the "reactionary" business, I have not talked about monetary reform; I have done what

lay in my power to bring about sane, sensible monetary and credit reform, and what I have done will stand on the records long after my hon. friend's talk has vanished.

Mr. LANDERYOU: I appreciate that, Mr. Chairman, but I notice that the Minister of Finance does not agree with the policies advocated by his associate, with whom he must cooperate in the administration of this legislation.

The CHAIRMAN: Order. The hon. member must confine himself to the item. I will not permit him, under this item, to continue to discuss monetary questions in general, and I have made my ruling.

Mr. COLDWELL: Before the clause is carried, may we have an explanation of just exactly what it involves. That is really what we want to hear.

Mr. LAWSON: Before the minister rises to speak, I have been waiting for a chance to ask—it combines with what has been asked—why this method of proceeding?

Mr. DUNNING: That is what I was going to deal with. Sections 17 and 18 comprise the financial method. As hon. members of the committee know, in every country the problem of arranging for the financing of large national defence expenditures is very difficult and serious. In the last few years, practically since the war, no expenditures for national defence have been capitalized in any manner in Canada; the expenditures have been met from year to year out of the general revenue of the year; and to the extent that a general over all deficit was created, to that extent the public debt was increased by borrowing to meet the deficit. The growing expenditures in Canada on national defence, part of them of what might be called a capital nature—that is to say they are not immediately consumable but have an ascertainable lifetime of possible service—involve that we give consideration, unless we are prepared to keep on throwing them into a general deficit and thus disguising what our real position is, to evolving some method of separating the annual ordinary expenditure on defence, on the one hand, such as for pay and allowances and materials which are consumed during the year, and on the other hand, for permanent works, such as fortifications and permanent mechanized equipment, which has a certain life. An attempt has been made in this year's estimates to separate one from the other and to capitalize those items which have a value extending over a period of years.

Mr. WOODSWORTH: May I here ask the minister how these differ from, we will say, ordinary public works as regards capital expenditures?

Mr. DUNNING: They do not. That brings me to the second phase of my subject. I shall immediately be asked, why do you not carry out the sinking fund method with respect to the whole public debt? Most hon. members know I have many times stated that to be an ambition of mine, and one which I hold very dear. But I have also stated to the house—and I do not want to go out of order; I am dealing with the method of capitalization involved in sections 17 and 18, and that involves the sinking fund method—that I do not want to start in respect to debt generally a sinking fund which would be only a paper sinking fund. One of the tragedies of sinking funds, even in England, is that although they express the desire of parliament and of the government to set aside so much each year, it frequently happens that it is necessary to ask for a suspension of the fund for the current year. Any sinking fund which could be devised in Canada to-day for the whole of the public debt which would be within the capacity of the people to pay in addition to what we are already collecting, would not effectively deal with the problem along that line. What I am suggesting here with respect to national defence expenditures is something which I sincerely hope will be gradually spread to the other fields of which the hon. member for Winnipeg North Centre has spoken.

Mr. WOODSWORTH: I was thinking, not of a sinking fund, but, we will say, the amount spent for post office buildings in contrast with payments for the carrying on of the regular postal services. The minister does not distinguish in that case, does he?

Mr. DUNNING: Oh, yes, we do distinguish. The Public Works Department erects the buildings for the Post Office Department.

Mr. WOODSWORTH: Yes.

Mr. DUNNING: True, their value is not charged against the post office operations; but that is another reform which I hope I may be able to bring about if I am here long enough. This is away from the subject, if my hon. friend will forgive me for saying so, because the principle we are here seeking to set up is that national defence expenditures of a capital nature, arrived at in the manner I have just described, shall be spread over ten years, and that there shall be voted each year in the estimates of the Department of National Defence a sum chargeable to that year, sufficient to amortize the whole over

the period of ten years. That is, we are setting up, in connection with national defence capital expenditures, an amortization of them on a sinking fund basis over a period of ten years. Next year we shall probably find, although I wish it would not be so, that again in the estimates the national defence expenditures will be divided between expenditures out of revenue and expenditures out of capital, and again next year there will be a sum voted out of revenue equivalent not only to the sum required to amortize over ten years this year's capital expenditure, but to the additional sum required to amortize the addition brought about by next year's estimates; and so on. So that we shall have before us in this parliament each year a full knowledge of what our capital expenditure on national defence is, spread over a ten year period, because we shall always have a tenth instalment for each year before us. Frankly, I hope to be able to expand the application of the principle as time goes on, because I am a great believer in planning a method of paying debt at the time you incur it.

Mr. CAHAN: I am afraid that if that ambition is to be realized, its realization will have to be postponed until wars and rumours of wars are at an end.

Mr. DUNNING: I agree with my hon. friend, but in these matters of paying debt I believe in hitching my wagon to a star. Even though I cannot get very far with it, every step is a step in the right direction, in the recognition of the sound principle of making provision for payment on debt when the debt is created.

Mr. CAHAN: But when my hon. friend hitches his wagon to a star, he ought to take very good care that the star in its courses does not switch him off terra firma.

Mr. DUNNING: I agree.

Mr. COLDWELL: I listened attentively to the Minister of Finance. In the estimates this year there is an item, I believe about $29,000,000, capital expenditure; that is one-tenth. Does that mean that it is contemplated that $290,000,000 will be spent over the next ten years?

Mr. DUNNING: The item of $29,000,000 is the total of the estimates of the Department of National Defence which this year are being capitalized, and in the same vote there will be found an item of one-tenth of that amount plus interest, voted this year to apply on the amortization. It is not an expansion of the vote. The vote for amortization this year is about $3,000,000, and that is related to the $29,000,000 based on the ten years' amortization.

Mr. COLDWELL: There was some confusion in the interpretation of that estimate, in the light of the statement just made.

Mr. DUNNING: Of course, the estimate could not be intelligible without the measure we are now passing.

Mr. LAWSON: Would it be correctly stating the minister's interpretation if I said that the effect of this bill, plus the estimates, is as follows: There is no limitation as to the commitments which may be taken by the government for defence expenditures—

Mr. DUNNING: No limitation?

Mr. LAWSON: Just a moment. No limitation on the commitments which may be taken next year so long as the amount payable in respect to those commitments does not exceed the vote contained in the estimates for this year, and so long as it will be repaid within the ten year period, as prescribed by section 18.

Mr. DUNNING: The limitation on expenditures is the estimate, just as it has always been, but this law makes it obligatory to create a ten-year distribution of that portion of the expenditure which was capitalized.

Mr. LAWSON: But there is no limitation on the commitment which may be taken.

Mr. DUNNING: The limitation is the vote itself.

Mr. LAWSON: The government might enter into a contract for an expenditure over the next five years, with a firm manufacturing some article of defence, which by far exceeded this year's estimate, but they can pay for it only to the extent of this year's estimates. The other limitation is that it must be repaid under this scheme within ten years.

Mr. DUNNING: Well, the question of the extent to which a government can commit a future year's estimates by a contract entered into this year, only a small portion of which can be used this year—

Mr. LAWSON: Right.

Mr. DUNNING: —as the hon. member knows, is always a matter of difficulty in administration, particularly when you are ordering goods which you know cannot be delivered for a long time.

Mr. LAWSON: And that applies particularly in defence matters.

Mr. DUNNING: It certainly applies to this particular class of equipment. It has, however, no relationship to the amount which may or may not be capitalized. The amount which may be capitalized has a definite limit in the vote which will come before the house by and by. The only means, so far as I know, of adequately controlling the government in making defence commitments is to have the minister state plainly, in connection with every item as he puts his supplies through, how much of future commitment is involved in the vote. This year we have gone a considerable way in outlining it in the details of the estimates. I do not know that one can be too arbitrary about it, but as Minister of Finance I have always felt it my duty to see to it that large commitments are not entered into on the basis of token payments merely, without parliament being fully cognizant of the position. That is about as far as one can go. It is very difficult administratively at times. For instance, suppose we ordered a number of aeroplanes from England, delivery of which the war office tells us can be made three years hence. Now there is merely a nominal payment to be made on the giving of the contract in the first place—say $10,000—but the total cost might be in millions. If you took a vote for the millions in the year in which the order was given it would be useless; it would be merely padding the estimates to no purpose whatsoever. The important thing is that parliament should be fully advised as to what those future commitments are in order that there shall be no running away without the authority of parliament.

Mr. WOODSWORTH: If I may revert to my former question, I am not really clear yet as to why this particular method of finance should be employed in connection with the national defence estimates when it is not the practice in other departments where capital expenditures readily might be distinguished from current expenditures.

Mr. DUNNING: My hon. friend will see, if he looks at the national defence estimates, that in addition to the expenditures of the department authorized this year, there is a vote which must come out of the taxpayers this year of $3,000,000 to amortize the capital portion of the expenditures previously authorized. If we applied that to every public building, every form of capital expenditure at the present time, we should have a larger amount to vote by way of instalments than we can possibly stand under the conditions that now prevail.

Mr. LAWSON: Or spend during the next year.

Mr. DUNNING: Or provide during the next year. We might fool ourselves by putting in a lot of these things and voting them and then find ourselves with a revenue deficit, being consequently under the necessity of borrowing money to retire other borrowed money, which would be a foolish procedure. I am hopeful that by this means we may get on the basis of arranging to liquidate capital expenditures as we create them. I have been rigid in the past four years in what I have admitted to consideration as capital expenditures. I have admitted as a capital expenditure nothing which had not on its face the obligation to repay in some form or other, nothing which did not appear as if it would reasonably be repaid. Then I was content to capitalize it. Even some of these might be subject to the criticism that we might not get the money back. The advances to the farm loan are capitalized; the advances under the housing act are capitalized; the advances to the Canadian National Railways, otherwise than for deficit are capitalized. Our public buildings are not capitalized. Our Municipal Improvements Assistance Act is capitalized because we have the obligation to repay from those who received that money. That is proper and sound, but we have not capitalized expenditures on public buildings.

In answer to the hon. member for Winnipeg North Centre, I might say that if we started capitalizing expenditures on public buildings and improvements of various kinds, it would be desirable to set up this kind of sinking fund provision in connection therewith and vote the instalment each year. That is what I am trying to start in this connection. It seemed a good place to start, on the defence expenditures, and the house will have before it each year what represents one-tenth of the total amount capitalized, which must be provided each year in order to keep up the retirements.

Mr. MacNEIL: I want to be clear as to the method by which parliament controls commitments. I understand that with regard to housing enactments, parliament provides by statute from time to time an outside sum for housing purposes. In what respect will parliament obtain knowledge with regard to commitments made, apart from the amounts actually appearing in the annual estimates?

Mr. DUNNING: It can only be done on each item when each minister is putting

through his estimates. For instance, look at page 136 of the estimates, where you will see the following item:

Training of pilots (equipment and properties) —Capital stores and equipment—
New aircraft and engines (commitments $441,840), $1,933,160.
Aircraft spares for stock (commitments $200,000), $115,000.

The advance commitments are there shown. I do not want to lay it down as a principle that can be always followed, that you can definitely say what your advance commitments are; but that is the method of advising parliament as to what is involved in regard to commitments for future years.

Mr. CAHAN: This information is interesting; but unless parliament has authorized commitments, future payments in respect of those or any unauthorized commitments are entirely within the discretion of parliament, and when the time comes for payment, parliament must authorize the expenditure. Otherwise the contractor has to depend upon the personal promises of members of a government, which are usually effective but which are, at times, not of very much value.

Mr. DOUGLAS (Weyburn): Could we just get this clear from the Minister of Finance. For instance, on page 135 of the estimates I find the following:

Air Force Stores—Capital—
Aircraft and engines (commitments, $2,350,000), $8,876,848.

What is the explanation of that?

Mr. DUNNING: That is very clear. The total vote for aircraft and engines for this year is $8,876,000; but what is contemplated within that limit also involves commitments of $2,350,000 for future years. Does my hon. friend get it now?

Mr. DOUGLAS (Weyburn): Out of the $8,000,000?

Mr. DUNNING: No, in addition to the $8,000,000, but which cannot be expended in the year for which the $8,000,000 is asked because there are payments due under contracts which will not mature within the year, but which parliament ought to know about.

Mr. DOUGLAS (Weyburn): And which will be authorized in future estimates?

Mr. DUNNING: Surely.

Section agreed to.

On section 18—Amortization of sums issued out of consolidated revenue fund for capital expenditures.

[Mr. Dunning.]

Mr. MacNEIL: Why should it be necessary to have a separate financing plan for this department?

Mr. DUNNING: I spent ten minutes trying to explain that in a sense I am using the Department of National Defence as a guinea pig for experiment in connection with something which I believe would be desirable to extend much further in connection with capital commitments.

Mr. CAHAN: As a capital experiment.

Section agreed to.

Section 19 agreed to.

On section 7—Maximum net profit.

Mr. LAWSON: My recollection is that the last time this section was under discussion it was made pretty clear to the committee that this bill would apply only to a very limited, or should I say merely a limited, number of contracts.

Mr. CAHAN: This section?

Mr. LAWSON: This section and the bill as well, as a matter of fact, because you have to link section 7 to section 4 and section 2 (b). My recollection is that the minister was going to try to give us an estimate as to the number of contracts in respect of which there would be invited tenders, the number that would be advertised for public tender, and the number that would come under the provisions of this section.

Mr. MACKENZIE (Vancouver): The taxation provisions apply to a specific form of contract; that is, under section 7 of the bill.

Mr. LAWSON: I am sorry; I did not quite follow that.

Mr. MACKENZIE (Vancouver): The taxation provisions of the bill apply to section 7; that is, to contracts which cannot be let under the system of competition by public tender, or with the amendment we passed this afternoon.

Mr. LAWSON: Yes; we are agreed on that, but the minister was going to try to give us an estimate as to what percentage of the whole expenditure of the department would be affected by this bill.

Mr. MACKENZIE (Vancouver): My recollection is that it was about fifteen per cent, as far as we could ascertain it.

Mr. LAWSON: Fifteen per cent of all contracts?

Mr. MACKENZIE (Vancouver): For the last two years.

Mr. LAWSON: Fifteen per cent would come within the limitation of this five per cent profit?

Mr. MACKENZIE (Vancouver): Yes.

Mr. DOUGLAS (Weyburn): Is that fifteen per cent of the contracts or fifteen per cent of the value of the contracts?

Mr. MACKENZIE (Vancouver): Fifteen per cent of the value of the contracts.

Mr. DOUGLAS (Weyburn): How many actual contracts would have come under this provision, since this government has been in office?

Mr. MACKENZIE (Vancouver): The total number for 1938-39, up to the end of December, 1938, amounting to more than $5,000 was 246.

Mr. DOUGLAS (Weyburn): As compared with what total?

Mr. DUNNING: Perhaps while this information is being looked up I might point out to my hon. friend who asked the question that it is of doubtful importance in relation to what we have to look forward to under this method of dealing with purchases. It will be apparent on reflection that if the board which is to be set up is dissatisfied with the competition which results from the tender method, or if it believes for any reason that there has been collusion between the tenderers, or that prices are out of line, the board undoubtedly has the right to refuse to accept any tender and throw the contract back under the form of contract contemplated by the taxation provisions of section 7 of the bill. My hon. friend will recognize the importance of that fact.

Mr. MacNEIL: If it is not an ordinary commodity, one specially required for defence purposes, and subsequently this article is sold for less than the price quoted to the government, will the board have power to act and reduce the price paid by the government?

Mr. DUNNING: If I understand the question aright it means would the government repudiate a contract into which it had entered. Of course there is only one answer to that question. If the contract was arrived at by virtue of competitive tenders then it is obvious that the terms of the contract, whatever they were, would have to be carried out. As I indicated a moment ago, if the board has any idea that it is being overcharged by tenderers in connection with any commodity it can always insist on putting the business under this section, under which there is no doubt that profits are limited to five per cent on the capital employed. I hope I have made that clear.

Mr. LAWSON: I think the minister has made it perfectly clear that the board has power to do something if it so desires, but that is a little beside the point that my hon. friend had in mind and that I also had in mind in seeking this information the last time the bill was up for consideration. The point at issue, in its final analysis, is this: I had the impression, rightly or wrongly, when this bill was brought into the house following the discussion on the resolution that in future all profits in respect of the manufacture of defence material were to be limited to five per cent. I soon discovered I was in error, that there was one exception, namely where public tenders were advertised. Then I discovered there was another, namely where there were invited tenders. The minister will realize that when we except all contracts called for by public or invited tender or all contracts limited to a small number of contractors or groups, the measure is made very ineffective from the point of view of the limitation to five per cent of the profits on defence materials. As the minister has quite frankly told us, the most that is accomplished is to limit the application of this provision to fifteen per cent of all purchases. That is the point at issue, and I think the minister's statement is hardly a complete answer.

Mr. DUNNING: My hon. friend will realize that many of the materials required by the Department of National Defence are used by the general public. Competition by way of tender or invited bids is real, because there is a known standard or approximate standard of price.

Mr. LAWSON: Quite so.

Mr. DUNNING: I wish only to make clear that in my opinion the tendency of the legislation is, first, to tend to force competitive bidding.

Mr. LAWSON: Which I think is a good thing.

Mr. DUNNING: Yes. Second, it places a powerful weapon in the hands of the purchasing authority in that if competitive bidding is not satisfactory from the point of view of prices, there is another way out which is difficult of operation but which, nevertheless, definitely limits profit. I think it would be quite impossible to work out a limitation of profits scheme to apply on everything the department buys. I believe we must rely upon competition in respect of many commodities which are in general use. And of

course if—God forbid—war should come and we have to consider the results of war inflation of one kind and another, outside of this measure altogether we shall have to evolve schemes for profit control which will apply not only on purchases by the Department of National Defence. I think there is no doubt we would come to that.

What we are trying to do here to to place a businesslike piece of machinery in the hands of a purchasing organization which will ensure first the maximum encouragement to competition, and, second, if competition proves to be impossible, a control of the profits of those who are doing the work. I think the bill is soundly conceived from that point of view. I know it is being criticized as being a very radical piece of legislation, the most drastic of its kind to be placed on the statute book of any democratic country. But I believe it will work. I believe it will encourage a maximum of competition, which, after all, is the best means of getting a reasonable price for commodities purchased. If the board is able to show to the government that there has been collusion, that the price level is too high and that profiteering is going to result, they can turn back to the method contemplated by section 7, and have it done on the basis of a five per cent return on capital.

Mr. CAHAN: I may be in error, but I find it extremely difficult to follow the provisions of the bill. In any case, if a contract for not less than $5,000 is awarded without competition, it would come under the provisions of section 7, would it not?

Mr. DUNNING: No, only if it were more than $5,000.

Mr. CAHAN: I understand. Suppose a contract were for $5,500, or $6,000, or some such sum, does the hon. member think any contractor would accept a contract of that kind if, as is set forth in the subsections of section 7, there must be an examination of all his books to find out what capital has been involved in producing goods to the value of $5,500? I find these words in paragraph (a) of subsection 3:

> The board may take into account in determining capital employed in the performance of a contract actual cash outlays incurred in the acquisition of patents, or licences to manufacture, but not goodwill—

And so on. That is, a contract for $6,000 would involve a possible profit of $300.

Mr. DUNNING: The five per cent is not on the contract; it is on the capital employed.

Mr. CAHAN: But that is even more nonsensical. I am taking into consideration the cost of producing the article, as such costs are found in a well equipped factory in which accounts are segregated and audited. But the profit obtained is not likely to be more than $300. To carry out the inquiry, the board must have production of all these accounts and ascertain how much capital is involved in the production of a $6,000 contract by a company capitalized at many millions of dollars. This inquiry would cost more than the amount represented by the entire profit. It strikes me that some other method might be used. No competent factory will take work on that basis, and unless the government takes over the factory and forces the manufacturer to do the work, it certainly will not be done.

Mr. DUNNING: Can my hon. friend conceive of articles costing $6,000 for which it would be impossible to secure competitive tenders? I mean to say that expenditures as small as that undoubtedly will fall within the class for which it is possible to get a tender. Therefore the taxation provisions of section 7 would not apply. The difficulties arise in connection with large expenditures for expensive equipment for which it is not possible or practicable to get competitive tenders. Theoretically what my hon. friend says is quite correct, but as a practical matter I do not think it is.

Mr. CAHAN: I suggest that we deal with realities and not with absurd possibilities such as those I have suggested. I can understand that in connection with a certain contract it may be impossible to obtain tenders. I doubt very much whether there are many contracts to be awarded by the Department of National Defence for which tenders could not be obtained, if the specifications and regulations respecting the contract are clear, and if reasonable opportunity is given to factories to examine the conditions and specifications and prepare the estimates on which they are ready to proceed. I saw tens of millions of dollars worth of contracts placed in the United States and Canada during the war, and I have never yet seen a contract for munitions which could not be filled by tenders from those factories which were well equipped for ordinary mechanical production. Should not the minister reserve section 8 to see if it could not be simplified in some way in order to deal with realities?

Mr. DOUGLAS (Weyburn): I believe the people of Canada as a whole will be disappointed when they realize the full implication of this section. When the minister spoke the other day, he referred to this as being a drastic measure, and the Minister of Finance (Mr. Dunning) used the same words just a

few moments ago. I think most of us welcomed the first announcement by the minister that there would be a five per cent limitation upon profits made from munitions manufacture, but we now realize that if the ratio which existed in the past continues in the future this limitation will apply to only about fifteen per cent of the total value of contracts let by the Department of National Defence. We must realize that there are three kinds of contracts which will be let by the department. First, there will be those called for by public tender. Second, there will be contracts let as a result of certain selected companies being asked to tender. Third, there will be contracts which will be given to companies who have been asked to enter into negotiation with the government. The first two categories cover eighty-five per cent of the value of contracts let by the department up to the present time, and they will not come under this five per cent limitation. Only fifteen per cent—and the percentage may grow smaller—will be subject to the five per cent profit limitation. It seems to me that this clause in section 7 is the joker in the bill because it nullifies to a large degree the value of the whole principle of profit limitation. Just the other day I came across a United States paper containing a cartoon which, at first glance, made me proud. This cartoon showed Uncle Sam sitting at a desk, while a United States taxpayer was showing him a sheet of paper and asking him, "Have you seen this, uncle?" That sheet of paper showed that Canada intended to limit profits on munitions contracts to five per cent. I was quite proud of that cartoon except that I knew, what apparently the person who drew the cartoon did not know, that the cartoon should have said that only fifteen per cent of the value of the contracts let would be under this limitation.

Mr. DUNNING: The hon. member would have been wrong also.

Mr. DOUGLAS (Weyburn): And that percentage may grow smaller. As the Minister of Finance said a few moments ago, the tendency is toward public tendering.

Mr. MACKENZIE (Vancouver): Does my hon. friend realize that under public tenders the profit may be less than five per cent?

Mr. DOUGLAS (Weyburn): Then there would be no harm in extending this five per cent limitation to all contracts.

Mr. DUNNING: Except that to apply it to all would cost a great deal more than the five per cent. As the hon. member for St. Lawrence-St. George (Mr. Cahan) pointed out, we would need another Department of Finance in order to make it work.

Mr. DOUGLAS (Weyburn): I agree that public tendering will tend to keep down profits to a fairly reasonable level. As the minister said, there are certain staple products which can be obtained by public tender, but that would not apply to the same extent to selected companies. The government may require aeroplane engines or some specialized product which is manufactured only by three or four or half a dozen companies.

Mr. MACKENZIE (Vancouver): Has the hon. member before him a copy of the amendment passed this afternoon to subsection 4 of section 4, dealing with that very point?

Mr. DOUGLAS (Weyburn): To my mind that does not cover it, although it does give the board certain power to act when it thinks there is collusion. But I am not talking about collusion; I am talking about where there are only three or four companies manufacturing a certain specialized article. In such instances, there would not be the same element of competition which would be present in public tendering. It is possible for tremendous profits to be made under these circumstances.

Mr. DUNNING: I dealt with that a moment ago. When the board sees that the element of competition has not been effective in bringing about a fair price level, it will be able to say, "No, gentlemen, there are only two or three of you manufacturing this particular specialty; apparently you have got together and are going to charge us so much, but we are not going to accept your tenders, we are going to give the business under the terms of section 7, on a five per cent profit basis." Surely my hon. friend sees the weapon that this gives to the board. I am quite sure that if he and I are here in a year or two, he will be wanting to know from me just how far the board has gone in preventing abuses of the tendering method. My view is that this gives to a board made up of men who are conscientiously trying to buy as cheaply as possible, a weapon which will ensure that there will be no collusion between a few producers of a specialty article.

Mr. DOUGLAS (Weyburn): I agree with the minister up to that point, but I want to see this profit limitation section being used for more than merely a weapon.

Mr. CAHAN: The hon. member should remember that there is such a thing as income tax. There will be no profits on munitions if new income taxes are levied.

Mr. DOUGLAS (Weyburn): They did very well in the past.

Mr. CAHAN: Greater profits were made in the production of wheat during the last war than in the production of munitions.

Mr. DOUGLAS (Weyburn): Some of the armament firms were a long way from going broke.

Mr. CAHAN: Very few of them made money here.

Mr. DOUGLAS (Weyburn): This provision should be extended to cover the selected companies as well as the chosen companies, if we may use that phrase. Then the bill would be made much stronger, and the people of Canada would be assured that under the present basis at least forty per cent of the total value of munitions contracts would come under this limitation.

Mr. DUNNING: If my hon. friend will make a concrete suggestion as to how to make that work, we shall gladly consider it.

Mr. DOUGLAS (Weyburn): I made a suggestion to the Minister of National Defence the other evening, and I shall make it again to the Minister of Finance. Paragraph (a) of subsection 9 of section 7 reads:

Contracts awarded as a result of competitive tender or subcontracts in connection therewith.

I suggest that that clause should be changed to read:

Contracts awarded as a result of public tender.

Then the only contracts to which this limitation would not apply would be those let by public tender.

Mr. MACKENZIE (Vancouver): I think my hon. friend has misconstrued the effect of the amendment to subsection 4 of section 4, which I think meets the point he has raised. It has practically abolished selective lists except where for purposes of military secrecy it is necessary for the board to grant a particular type of contract. The point my hon. friend raised the other day was one of the reasons for drafting this amendment practically abolishing selected lists. There are only two classes of contract now: those by general tender and special contracts covered by the five per cent provision which are specially looked after under the provisions of this legislation. So my hon. friend's fears about the selected lists can be forgotten.

Mr. DOUGLAS (Weyburn): I have not a copy of the amendment before me, but I listened carefully when it was being read and I was not aware that it had that full effect. Does the minister mean to say that there will be no selected tenderers from now on?

Mr. MACKENZIE (Vancouver): May I read the amendment again:

That subsection 4 of section 4 of the bill be amended by adding thereto after the word "otherwise" in line 41 of page three the following words, "it shall be the duty of the board—

It is obligatory.

"—to ensure that tenders in respect of any contracts for the purchase of any defence equipment produced or manufactured in Canada or for the construction of any defence project are invited from every person in Canada believed by the board to be capable of performing the contract, unless—

This is the only proviso:

"—for reasons of military secrecy or for other good and sufficient reasons the board is of the opinion that it is not in the public interest to invite tenders in this way."

So for the purposes of this legislation the objection of my hon. friend disappears.

Mr. MacNEIL: It is still possible, even with that amendment, for the board to decide to ask for tenders from within a limited field, and if tenders are invited from within a limited field in that way, the five per cent limitation will not apply. There is still that category to which this five per cent limitation will not apply.

Mr. MACKENZIE (Vancouver): Yes; discretionary power is vested in the board to deal otherwise for reasons of military secrecy or for other good and sufficient reasons, but their first duty is to invite tenders from everybody capable of tendering.

Mr. MacNEIL: The position has been made very clear with regard to commodities in general use, but we must contemplate articles being required for which this government and possibly other governments are the only purchasers. This point was referred to in the report of the committee presided over by Doctor Skelton, and I understand that their report suggested various methods of control with regard to such contracts. If the government contemplates the purchase of an article for which they and possibly other governments constitute the only market in Canada, and tenders are invited from within a limited field, it seems to me that further control should be exercised with regard to that particular type of contract. That is why I suggested to the Minister of Finance that it might be feasible to have in such contracts a penalty clause providing that after the contract is made and the order placed with a particular firm, if it

sells this particular article to other governments at a lower price than that quoted the Canadian government—

Mr. DUNNING: I did not understand the suggestion before.

Mr. MacNEIL: —the government should have power to secure redress in that regard.

Mr. DUNNING: That suggestion is excellent. It is in some contracts to-day. It is a good suggestion as a general principle.

Mr. DOUGLAS (Weyburn): The amendment which the Minister of National Defence has read does not, I think, remove the selected lists of tenderers. It merely provides that all persons who are capable of manufacturing a particular article shall be invited to tender, to make sure that there will not be a restricted list. But subsection 4 provides:

> In respect of all contracts, the board shall, wherever practicable, invite tenders either by means of advertisements in the public press or otherwise.

Then it goes on to say that the selected list must be a wide list. I cannot accept the minister's statement that the amendment removes the selected list.

Mr. DUNNING: If it is known to everybody that there are only ten producers of a given article in Canada, what would be the use of putting in all the press a public advertisement inviting tenders from them? All we can do is to ensure that we get all those producing an article to compete in supplying the department. Any other method of inviting public tenders through the press would be very expensive and utterly useless.

Mr. DOUGLAS (Weyburn): I am not suggesting that. I am simply pointing out that the Minister of National Defence is hardly correct in saying that his amendment removes the selected lists. It merely ensures tenders from all of them, but there are still the three classes of contract.

Mr. MacNEIL: I think this second group should be dealt with by the five per cent limitation.

Mr. DUNNING: The hon. member puts on it an interpretation that I cannot see at all.

Mr. MacNEIL: Where manufacturers of a particular article have formed one common agency and are pooling their resources with regard to filling a munitions contract, how would you deal with it? You might answer, invite all those engaged in the field to tender. But it may be quite obvious that they are in agreement as to how they will deal with government business, and therefore competition would not enter in that event. I could refer to a specific instance. What, then, is the objection to putting some form of profit limitation in such contracts?

Mr. DUNNING: In just what form? How can you express it?

Mr. MacNEIL: By another five per cent limitation where tenders are invited from a limited field, and where for obvious reasons they combine and pool their resources to deal with government business, and therefore have control of prices. There is no competition there, and why should not those in that category be subjected to the five per cent limitation?

Mr. DUNNING: If their resources are pooled, that results in only one tender, does it not? Quite obviously the awarding of business could not in such instances be by competitive tender. Under the bill as it at present stands, a situation like that would undoubtedly result in a resort to the five per cent control clause as the only clause. Has my hon. friend given full weight to the statement I made a little while ago as to the weapon which this places in the hands of the board to ensure that competition is honest competition? What my hon. friend is after, and what I am after, is to ensure that competition is honest competition, and not collusion for the purpose of extortionate profits. I am going to proceed on the assumption that the men on the board will be both honest and able. I believe they will be as honest as the hon. member for Vancouver North or myself. I believe that they will endeavour honestly to buy supplies for the Department of National Defence as cheaply as they can. Now then, have we put into their hands sufficient in the way of authority, sufficient in the way of weapons, if you will, to enable them to accomplish their object? I can say this, that if one year from now it turns out that we have not, we shall be prepared to come back and strengthen the legislation. But I am not prepared to write into the law a lot of theoretical stuff which will prevent it from functioning at all.

Mr. CAHAN: You are doing it pretty well.

Mr. DUNNING: My hon. friend thinks we have gone too far in that direction already, and perhaps others do. At any rate this is an honest effort to put into force what I described a little while ago as the most drastic method of profits control yet devised anywhere, so far as I know, in connection with the purchases of war material.

Mr. CAHAN: I do think that part of section 7 might be reconsidered. I should like to have some expert cost accountant look over that section, and in four or five lines draft what is really intended by the bill. I think we all know what is intended, that the manufacturer, when manufacturing a product worth $5,000 or more, receives the actual cost of competent, effective production. It is upon that cost of effective production that his profit should be based, that is, something over and above the actual cost of competent, efficient production. I do not know, but I think that I could sit down with the minister and draft a clause more clear and concise and definite. Instead of the promise which the minister has just made, if he would make a promise that next year he will introduce an amendment to this section which would be clear, definite, sensible and businesslike, I should be better pleased. To my mind it is not equitable, and I do not think that it will work in the case of men honestly engaged in the production of war munitions or other products.

Mr. GRAYDON: May I seek one little item of information? If a contractor's price is too high, and the board decides to apply the provisions of section 7, what is the next step?

Mr. DUNNING: I do not understand what my hon. friend means by "the next step."

Mr. GRAYDON: If the provisions of section 7 are applied, relative to the five per cent maximum profit, what is the next step the board must take with regard to that contract? You cannot force a bidder to take the contract.

Mr. DUNNING: No. My hon. friend assumes a situation that I referred to a few moments ago, as something which possibly might happen. Tenders are received, and they are all, in the opinion of the board, outrageously too high. They are thrown out. The board then starts afresh to find a contractor who will produce the item under the provisions of section 7.

Mr. MacNEIL: One point which concerns me very much in discussing this bill is as to what extent it restricts the operations of middlemen or agencies. That was the great difficulty with regard to the last war. The prime minister of the day had to deal very sternly with those who attached themselves to the Department of Militia and acted as middlemen for manufacturers or groups of manufacturers. Should there not be a provision here that wherever possible the department or the board should deal direct with the manufacturer? I notice that the minister denied an allegation which recently appeared in the Winnipeg *Free Press,* that Mr. Ross, of Montreal, had established an agency in Canada for a type of aircraft engine specified by the department, and it is stated that commissions had been collected or may be collected up to $180,000 or possibly $250,000. I will not go into that at length, because the minister has denied it. He may desire to comment on it at this time. But the allegations are rather serious. In the light of that statement, made by a responsible writer, in the Winnipeg *Free Press,* should there not be included in this bill some specific reference to the operations of middlemen such as are now collecting, it is claimed, huge sums from the department, and have nothing to do with the direct production of material?

Mr. POWER: Can the hon. member not dig up any more garbage somewhere?

Mr. MACKENZIE (Vancouver): I am very glad that my hon. friend has brought up the article. I want to quote one or two extracts from it to show that it is absolutely similar to other falsehoods which have been spread recently with regard to the department.

The writer says:

> Towards the end of 1936 the Minister of National Defence decided that only Bristol engines would be installed in the aircraft purchased for the Royal Canadian Air Force.

Again he says:

> The decision of the minister of defence to enforce the installation of the Bristol engine in all aircraft purchased for the Royal Canadian Air Force must have been founded on good reasons which he has not since divulged.

The fact is that the minister made no such decision. The Royal Canadian Air Force is using nineteen different types of engines, only four of which are made by the Bristol Engine Company. The minister could not possibly make any such decision, since the type of engine depends upon the type of aeroplane used. If the minister or anybody else in the department were to order a certain type of engine to be installed in an aeroplane designed for a different type of engine, in all probability the aeroplane would not fly. When the air force adopts a certain type of aeroplane it has to use the engine for which the air frame was designed.

Again the writer says:

> The use of the Bristol . . . was almost exclusively in aircraft which operated rarely in climates similar to that seasonably prevalent in Canada. United States experts question whether it has been tested sufficiently for service in these colder climates.

The fact is that aircraft powered with Bristol engines have been thoroughly tested in Canada during the winter season for the past three years, and the results have been completely satisfactory. This writer to which my hon. friend referred also says:

> The Bristol company sent a representative to Canada in 1936 to inquire into possible agencies, but the Bristol company was suddenly advised that that gentleman had closed a contract after seeing the ministry of defence, who had agreed that the agency for the Bristol should be given to Frank Ross, of Montreal, and his associates.

The fact is that the Bristol company selected this agent in Canada more than ten years ago, and that for the purpose of carrying on the agency a company was incorporated on July 5, 1928. The same interests which owned that company have from that date until now conducted all and any Bristol business in Canada. The Canadian company, I am informed, has thirty-three shareholders, and no one interest has more than ten per cent of the shares of the company.

The writer further says:

> Two other aero engines comparable with the Bristol and actually manufactured in Canada have for years been used in Canadian aircraft, military as well as civil. One of these makes of engines powered the high altitude "Flying Fortress" built by Boeings and turned over to the United States army air corps only two weeks ago. . . . The Bristol engine costs around $12,000. The comparable engines made in Canada, giving employment in Canada, cost some $4,000 less than the Bristol. Purchases of either of these Canadian aero engines of comparable merit with the Bristol would have saved the people of Canada $630,000 on the order of 150 engines.

The fact, Mr. Chairman, is that, with the exception of an experimental effort made by the Canada Car Company within the last year and a half on a light engine, no aeroplane engines are manufactured in the Dominion of Canada. That is the type of falsehood with which we are confronted in these public comments.

The United States-built "flying fortress" is powered by a Cyclone engine, a type which is made in the United States, but not in Canada. Only the number of Bristol engines required to power and provide spares for the aircraft which are designed around the Bristol engines have been or will be purchased. Some engines have been purchased in advance of delivery of the aircraft in which they are to be installed, upon the recommendation of the technical officials of the department, in order to have a reserve, without risk of cancellation due to emergency conditions in the country of manufacture. The department is carrying only twenty-five per cent of spare engines whereas during the war it was found necessary to carry 200 per cent and 300 per cent of spares.

There is no commission at all paid by the Department of National Defence. Any arrangement made by the agency in question is made direct with the Bristol Engine Company in England, and the prices paid, excepting Canadian sales tax and freight charges and so forth, are exactly the same prices as are quoted to the air ministry in London.

All I can say, Mr. Chairman, is that the writer of this scurrilous article is the same gentleman who wrote a former article which the honorary air advisory committee of Canada repudiated and condemned, through Air Marshal Bishop and his associates on the committee, as false and scurrilous and fictitious.

Mr. MacNEIL: May I ask the minister why it is necessary in this instance to have an agency in Canada? Would it not be possible to deal direct with the manufacturers of these particular aircraft engines? The returns tabled recently show that the department is purchasing rifles from the Enfield rifle factory in Great Britain without an intermediary of any kind. The servicing of the rifles and things of that nature can be undertaken within the department. Would it not be possible to deal directly with the manufacturer of these engines instead of through the Canadian agency, and undertake the servicing necessary under the auspices of the department?

Mr. DUNNING: We are getting an awful lot of this apparently deliberate attempt to sabotage public confidence in the department,—

Mr. MacNEIL: I am asking a question.

Mr. DUNNING: —these strings of lies which my hon. friend has quoted in his statement.

Mr. MacNEIL: I merely asked a question.

Mr. DUNNING: I am not now criticizing my hon. friend; I am trying to answer him. I just rise to remark that I am wondering if it is not desirable that we take some rather strong measures with respect to such statements as the minister has just referred to, which cannot do otherwise than weaken the

confidence of the Canadian people not only in their government but in the institution of government as such. If there was even a scintilla of truth in them, why, then, we ought to be out. What should be done to a man who scatters that kind of garbage through the press of the country at a time like this? I feel very strongly about it.

As to my hon. friend's last question, the minister has just said plainly that the particular engine to which reference is made is sold to the British government at exactly the same price as it is sold to the Canadian government after making allowance for sales tax and freight. If that is so, of what importance is it to us whether the aircraft engine manufacturer in England chooses to have a Canadian agent to run his business?

Mr. LAPOINTE (Quebec East): It is none of our business.

Mr. DUNNING: It is our business merely to get a fair price. The way in which the manufacturer does his business is no concern of ours so long as we get a fair price; and, as the minister pointed out, this particular concern appointed agents in Canada as long ago as 1928 and have the same agents to-day. Should we take the view that we would not buy their goods because they had a Canadian agent? From my point of view, I prefer to see people abroad, doing business in Canada, operate through Canadian concerns. I believe it is good business for Canada, provided always that we do not get stuck on the price as a result; and in this instance, as the minister stated, the price at which we get the goods is the same as the price paid by the British government in England, after making allowance for sales tax and freight.

Mr. COLDWELL: About which there has been a good deal of controversy in Great Britain. Perhaps the British government is paying too much for these aeroplanes.

Mr. HOWE: We value your opinion on that.

Mr. COLDWELL: I said perhaps; I do not know.

An hon. MEMBER: "Perhaps."

Mr. DUNNING: There is too much "perhaps."

Mr. MARTIN: Why say these things?

Mr. POWER: Why not have the courage to say what you mean?

[Mr. Dunning.]

Mr. COLDWELL: When a commission is paid to Canadian firms and we could obtain the articles without having to pay the commission, we ought to buy them without that commission. With regard to what has been said in reply to the hon. member for Vancouver North, it seems to me that there was an innuendo. When statements of the kind published in the Winnipeg *Free Press* appear in newspapers, I submit that the hon. member for Vancouver North, or anybody else, is justified in rising in his place and basing some questions upon such statements, coming from a newspaper which is known throughout Canada as a Liberal publication and a supporter of the government of the day, and the editor of which, as is pointed out, is on the Rowell commission.

Mr. GOLDING: Did the editor write the item?

Mr. COLDWELL: No, but the editor is on the Rowell commission, and the paper supports the government of which the minister is a member. While it is true that the editor does not write these articles, at the same time the editor does take responsibility for such articles as appear in his newspaper. Indeed, if an article appears and is libellous, the editor and publisher of the newspaper is sued, as well as the author. I do not think we need generate any heat about these things.

Mr. DUNNING: If men's honesty is being attacked one can expect them to resent it, and the Minister of National Defence has every right to resent it.

Mr. COLDWELL: I quite agree, but when it is said that attempts are made to sabotage the department, I know nothing of such attempts. We are not attempting anything of the kind, but we are trying to bring to the attention of the house matters in connection with the department, so that if later on it is important that the people of Canada should have every confidence in the department and what it is doing, we may be sure that confidence will be justified. I think we are fulfilling our function as a part of the opposition in trying to ensure this.

Mr. MARTIN: Does not the hon. gentleman think that, in view of the general discussion on these matters, and our desire to preserve the strength of this parliament, the hon. member for Vancouver North might have asked the minister his view of the article

before getting up and making use of it in the house with the obvious inferences that follow from it?

Mr. COLDWELL: No, I do not think so, because the statement upon which the hon. member for Vancouver North based his question had been made publicly throughout Canada, and if I were minister of national defence I would welcome a question that would enable me to say what the Minister of National Defence said a few moments ago.

Mr. DOUGLAS (Weyburn): Are we dealing with the section clause by clause?

The CHAIRMAN: We are on subsection 1.

Section stands.

Progress reported.

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

END OF VOLUME II